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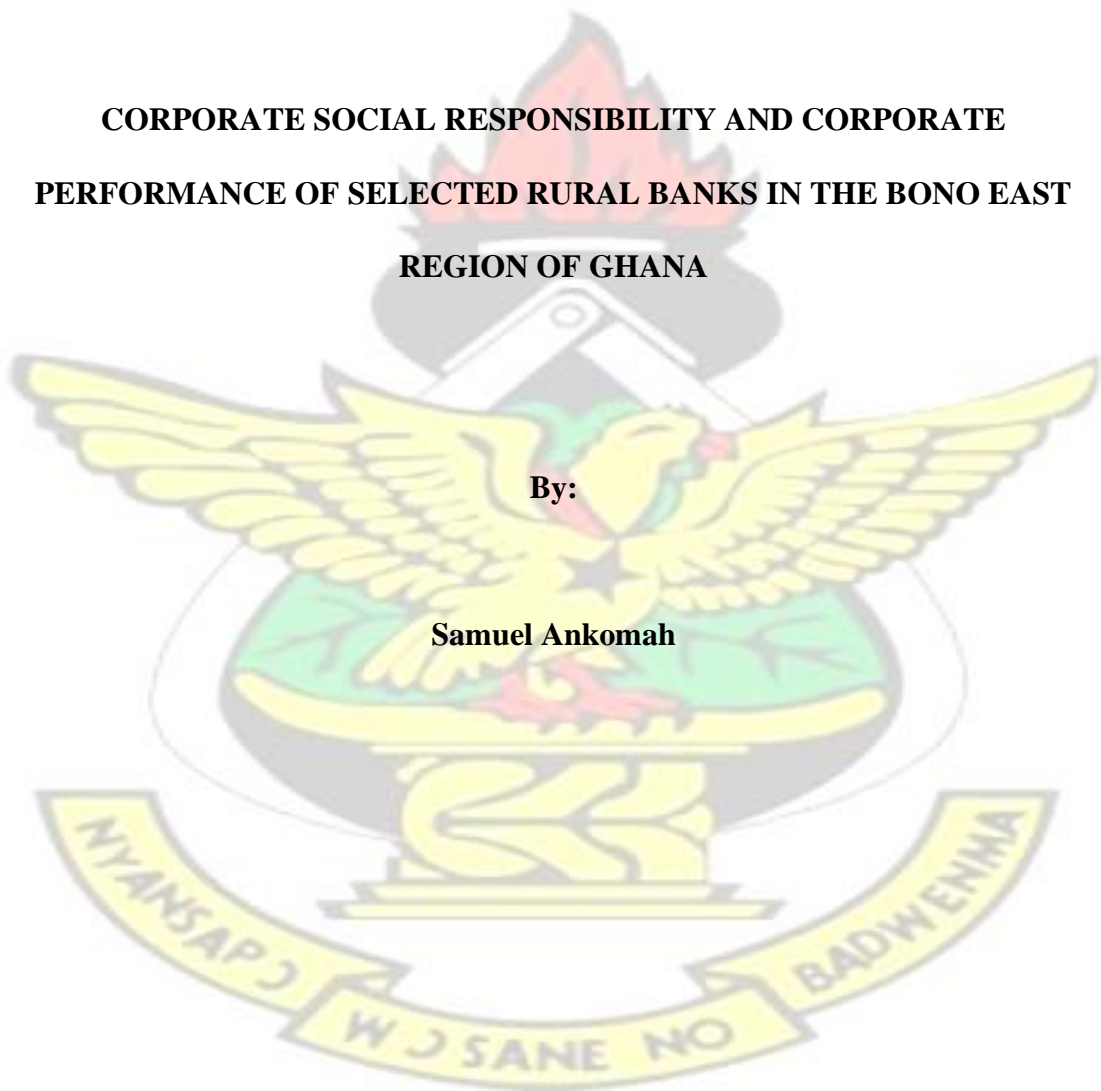
INSTITUTE OF DISTANCE LEARNING

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**CORPORATE SOCIAL RESPONSIBILITY AND CORPORATE
PERFORMANCE OF SELECTED RURAL BANKS IN THE BONO EAST
REGION OF GHANA**

By:

Samuel Ankomah



FEBRUARY, 2021

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KNUST

By:

Samuel Ankomah

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**A thesis submitted to the department of accounting and finance, Institute of
Distance Learning – Kwame Nkrumah University of Science and Technology**

**In partial fulfilment of the requirements for the degree of
MASTER OF SCIENCE IN ACCOUNTING AND FINANCE**

FEBRUARY, 2021

DECLARATION

‘I hereby declare that this submission is my own work towards the “Master of Science in Accounting and Finance” Degree and that, to the best of my knowledge and belief, it contains no material previously published by another person nor material which has been accepted for the award of any other degree of the University, except where due acknowledgement has been made in the text’.

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DEDICATION

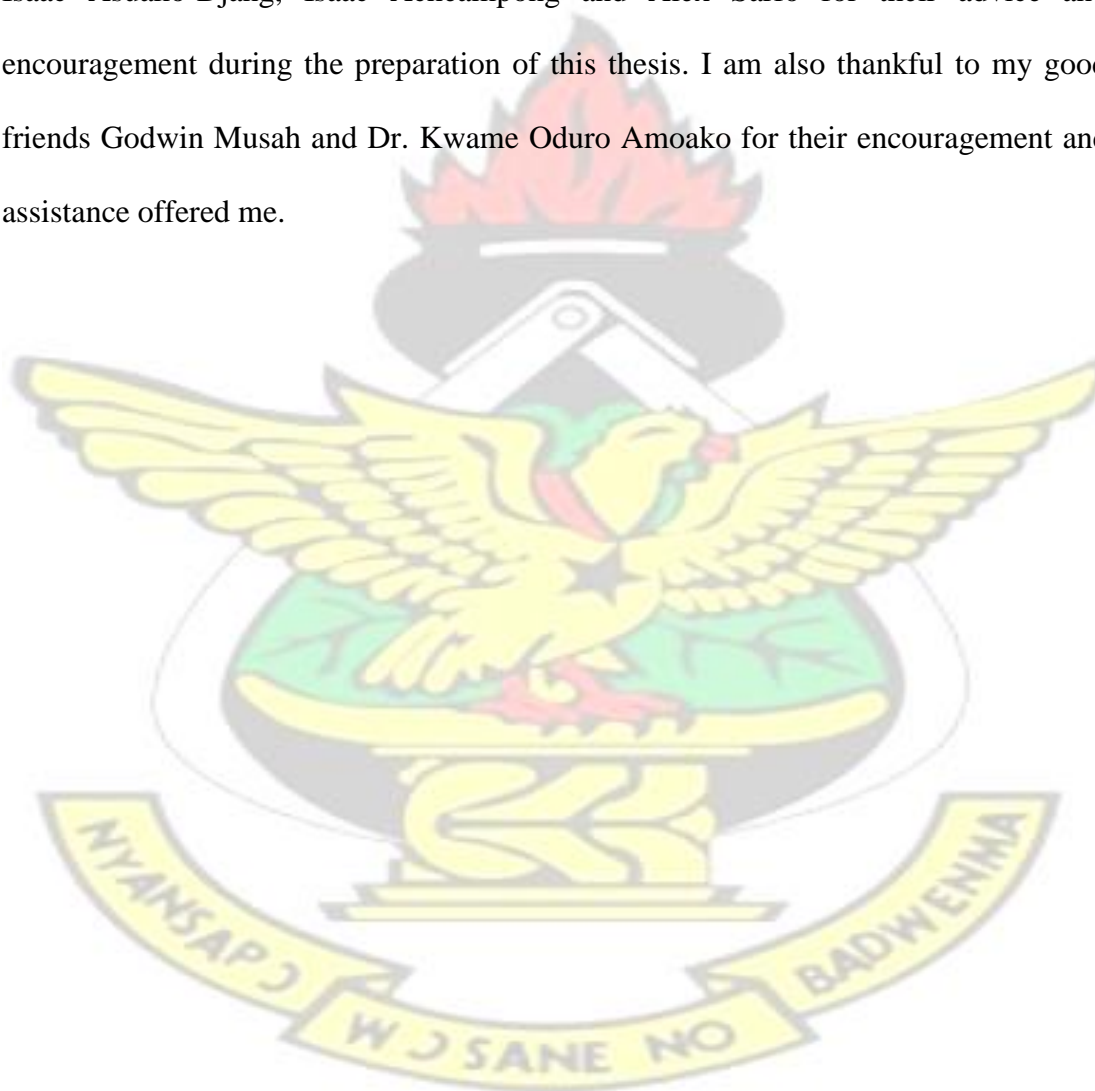
This research work is dedicated to my family members and Mr. Awiti Kuffour for their prayers, support and encouragement offered me to successfully complete this course.

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My deepest gratitude goes to the Almighty God for giving me the strength to complete this work successfully. Secondly, my profound gratitude goes to my supervisor Dr. Daniel Domeher for his kindheartedness and making precious time to make corrections, suggestions and criticisms throughout the preparation of this thesis. Again, my sincere appreciation is extended to some of my course mates who are: Isaac Asuako-Djang, Isaac Acheampong and Alex Sarfo for their advice and encouragement during the preparation of this thesis. I am also thankful to my good friends Godwin Musah and Dr. Kwame Oduro Amoako for their encouragement and assistance offered me.



ABSTRACT

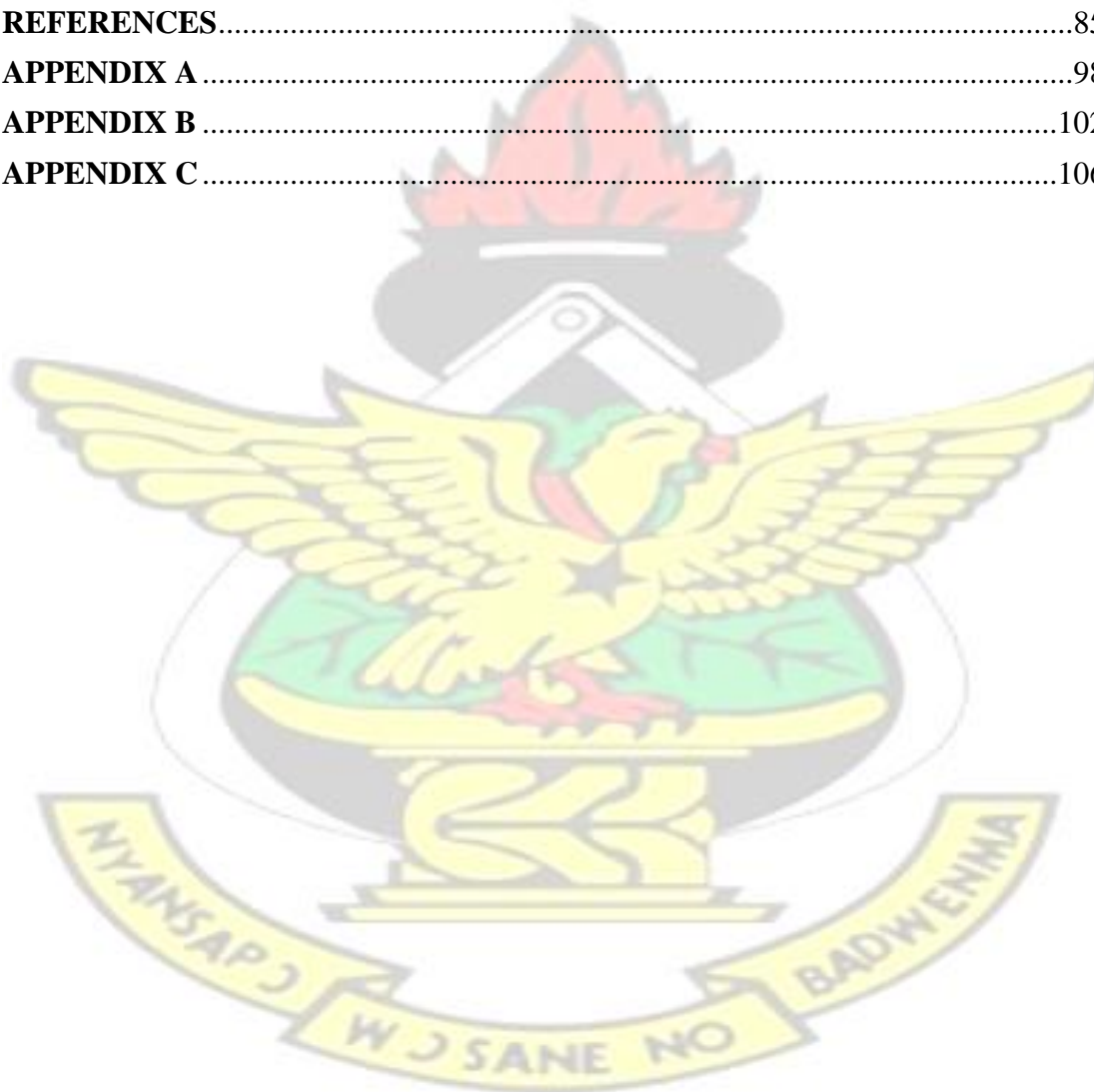
Business organisations including rural and community banks (RCBs) worldwide have been encouraged to behave ethically towards the community, environment and social set up in which they operate. This ethical behaviour is referred to as corporate social responsibility (CSR). Sethi (1975), indicates that CSR points toward bringing corporate behaviour up to a posture similar to existing societal norms, values and expectations of performance. The study was made to determine the effect of corporate social responsibility (CSR) on the corporate performance (CP) of five rural and community banks (RCBs) in the Bono East Region of a developing country, Ghana. The study adopted the quantitative methods as well as case study approach to gather data on the five rural and community banks and community members in the Bono East region of Ghana. The study found that CSR is positively linked to CP most significantly where corporate social responsibility is pursued for a longer period and on a wider scope of activities beneficial to the community. It also came out that, customer satisfaction, corporate reputation and competitive advantage are accorded the rural and community banks where it is evidenced that substantial CSR has been committed to the community and benefiting customers. The study therefore concluded that, it is dutiful for the rural and community banks to offer to their customers and community members, activities or assistance that will ensure that the well-being of the community is prioritized over the immediate benefit and performance accruing to the RCBs.

TABLE OF CONTENTS

DECLARATION.....	iii
DEDICATION.....	iv
ACKNOWLEDGEMENT.....	v
ABSTRACT.....	vi
TABLE OF CONTENTS	vii
LIST OF TABLES	x
LIST OF FIGURES	xi
LIST OF ABBREVIATIONS/ACRONYMNS.....	xii
CHAPTER ONE	1
INTRODUCTION.....	1
1.0 Background to the Study.....	1
1.1 Problem Statement.....	4
1.2 Research Objectives.....	6
1.2.1 General Objective	6
1.2.2 Specific Objectives	6
1.3 Research Questions.....	6
1.4 Significance of the Study	6
1.5 Scope and Limitation of the Study	8
1.6 Organisation of the Study	8
CHAPTER TWO	10
LITERATURE REVIEW	10
2.0 Introduction.....	10
2.1 Theoretical Review on Corporate Social Responsibility	10
2.1.1 Corporate Social Responsibility: An Opportunity or a Threat?.....	10
2.1.2 CSR as an Obligation and Necessity	14
2.2 Conceptual Review.....	17
2.2.1 Conceptual Framework.....	17
2.2.2 Ethical Values and Corporate Social Responsibility	18
2.2.3 Banks Commitment to The Community.....	19
2.2.4 Background of Rural and Community Banks in Ghana.....	24
2.3 Empirical Review on the study	32
2.3.1 The Inter-Dependency of CSR and CP	32
2.3.2 Customer Satisfaction and CSR	33
2.3.3 Performance Measurement Criteria of Rural and Community Banks	36
2.3.4 CSR Tasks Undertaken by Rural and Community Banks in Ghana	42

2.3.5 The Novel Corona Virus and Corporate Social Responsibility	43
CHAPTER THREE	47
RESEARCH METHODOLOGY	47
3.0 Introduction.....	47
3.1 Research Design	47
3.2 Research Strategy	47
3.3 Quantitative Research	48
3.3.1 The Case Study Approach	48
3.4 Population.....	49
3.4.1 Sampling Techniques.....	49
3.4.2 Sampling Procedures	50
3.4.3 Sampling Size	51
3.5 Data Collection Methods	51
3.5.1 Questionnaire	51
3.5.2 Interview	52
3.6 Sources of Data.....	53
3.6.1 Primary Data.....	53
3.6.2 Secondary Data	53
3.7 Data Analysis Techniques	53
3.8 Validity and Reliability of Data	54
3.9 Ethical Considerations	54
CHAPTER FOUR.....	56
RESULTS AND DISCUSSIONS	56
4.0 Introduction.....	56
4.1 Brief Profile of the Respondents in the Study	56
4.2. Communication Processes of CSR in the Rural Banks of Bono East	58
4.3 Types of Corporate Social Responsibility of the Rural Banks in the Bono East	59
4.3.1 Corporate Social Responsibility of the Rural Banks in Education	60
4.3.2 Corporate Social Responsibility of the Rural Banks in the Health Sector..	63
4.3.3 Corporate Social Responsibility of the Rural Banks in Agriculture.....	64
4.3.4 CSR of the rural Banks and Disaster Response.....	66
4.3.5 CSR of Rural Banks in Other Community Development.	71
Table 4.3.5: CSR of Rural Banks in Other Community Development.....	73
4.4 Customer Satisfaction and Corporate Social Responsibility	73
4.5 The Effect of Corporate Social Responsibility on Rural Banks Performance in the Bono East Region of Ghana.....	76

4.5.1 The Relationship Between CSR and CP considering the Years of CSR.....	76
4.5.2 The Relationship Between CSR and CP considering the Types of CSR Activities.....	77
CHAPTER FIVE	80
SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS	80
5.0 Introduction.....	80
5.1 Summary of Findings	80
5.2 Conclusions.....	81
5.3 Recommendations	83
5.4 Direction for Future Studies	84
REFERENCES.....	85
APPENDIX A	98
APPENDIX B	102
APPENDIX C	106



LIST OF TABLES

	PAGE
1. Table 4.3: Types of Corporate Social Responsibility of RCBs in the Bono East	56
2. Table 4.3.1: Corporate Social Responsibility of the Rural Banks in Education	59
3. Table 4.3.2: Corporate Social Responsibility of the Rural Banks in the Health Sector	60
4. Table 4.3.3: Corporate Social Responsibility of Rural Banks in Agriculture	62
5. Table 4.3.4: CSR of Rural Banks and Disaster Response	67
6. Table 4.3.5: CSR of Rural Banks in Other Community Development	69
7. Table 4.4: Customer Satisfaction and Corporate Social Responsibility	71
8. Table 4.5.1: The Relationship Between CSR and CP Considering the years of CSR	73
9. Table 4.5.2: The Relationship Between CSR and CP Considering the Types of CSR	75

LIST OF FIGURES

PAGE

1. Figure 1: Conceptual Framework	16
2. Figure 2: Banks Commitment to the Community	21
3. Figure 4.3.2: Corporate Social Responsibility of the Rural Banks in the Health Sector	60
4. Figure 4.3.3: Corporate Social Responsibility of Rural Banks in Agriculture	62

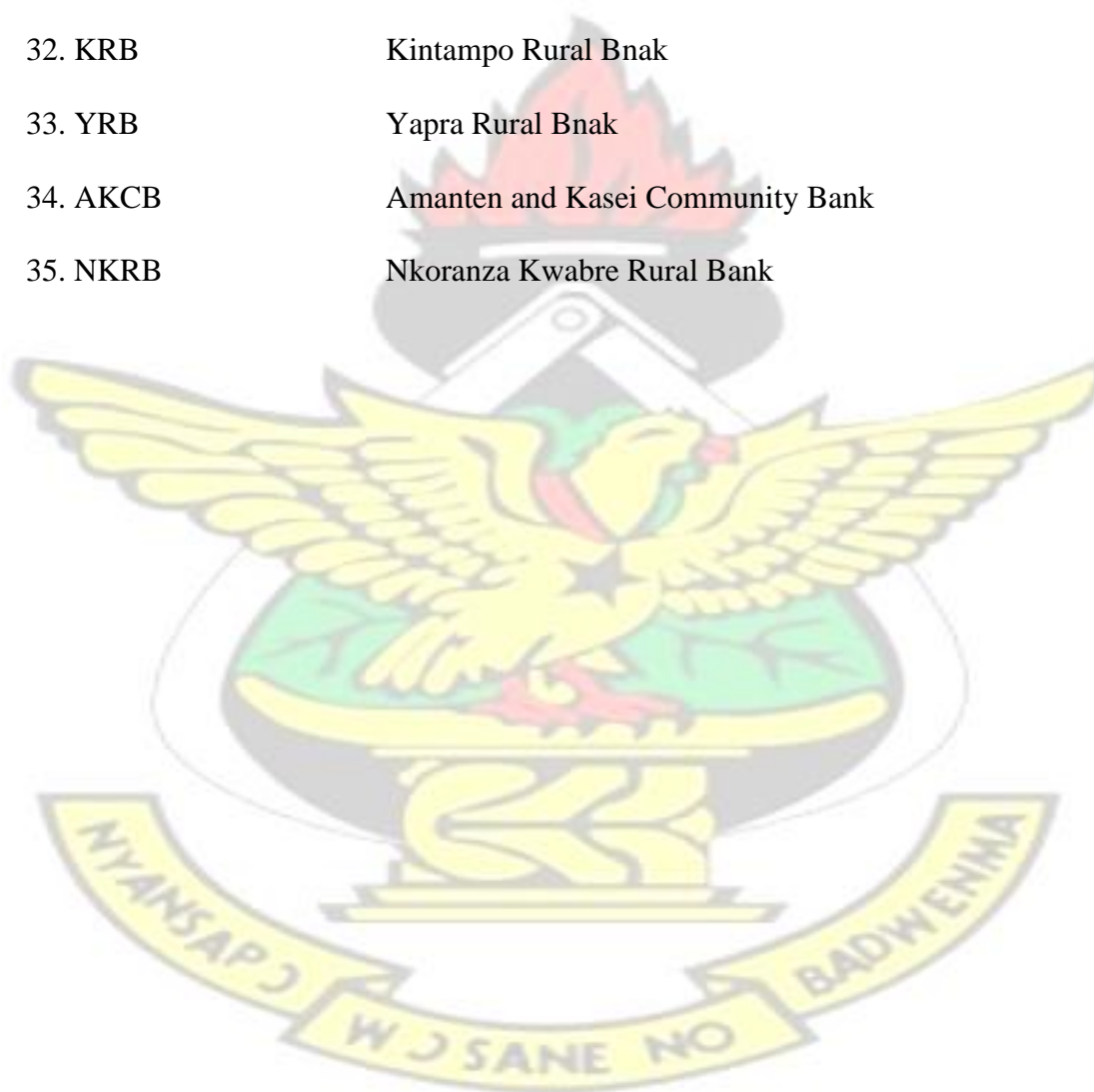


LIST OF ABBREVIATIONS/ACRONYMNS

The logo of KNUST (Kwame Nkrumah University of Science and Technology) is a large, faint watermark in the background. It features a central shield with a green base and a yellow upper section, flanked by two yellow wings. Above the shield is a red flame-like shape. A yellow banner at the bottom contains the text 'NANSAPƆ' on the left and 'BADWENMA' on the right, with 'WƆSANE NO' in the center.

1. CSR	Corporate Social Responsibility
2. CZ	Corporate Citizenship
3. CSP	Corporate Social Performance
4. CP	Corporate Performance
5. CAR	Capital Adequacy Ratio
6. EPRs	Earnings and Profitability Ratios
7. LDR	Loan to Debt Ratio
8. CEB	Corporate Ethical Behaviour
9. CS	Customer Satisfaction
10. GDP	Gross Domestic Product
11. ROE	Return on Equity
12. CG	Capital Gains
13. OTC	Over the Counter
14. UNGC	United Nation Global Compact
15. ROA	Return on Assets
16. CCD	Corporate Citizenship and Community Development
17. BoG	Bank of Ghana
18. ARB	Association of Rural Banks
19. RFSP	Rural Financial Services Project
20. NPLS	Non-performing Loans
21. RCBs	Rural and Community Banks
22. BSD	Banking Supervision Department
23. PPE	Personal Protective Equipment
24. IR	Investigative Research

25. GM	General Manager
26. OM	Operations Manger
27. CO	Credit Officer
28. AC	Accountant
29. SPSS	Statistical Package for Social Sciences
30. IT	Information Technology
31. FRB	Fiagya Rural Bnak
32. KRB	Kintampo Rural Bnak
33. YRB	Yapra Rural Bnak
34. AKCB	Amanten and Kasei Community Bank
35. NKRB	Nkoranza Kwabre Rural Bank



CHAPTER ONE

INTRODUCTION

1.0 Background to the Study

Corporate social responsibility (CSR) is a self-regulating organisation model that helps an organisation to be ethically, socially and culturally accountable to shareholders, other stakeholders and the public at large. It may also be termed as corporate citizenship (CZ). CSR may also be explained as the operations of a firm noted to present some socio-economic benefit, that goes beyond the goals of the firm and what is legally required of it. CSR may also be defined as the activities of an organisation that lowers the margin of the organisational externalized costs (the cost attributable to the outside environment of an organisation (Heal, 2005). Engaging in corporate social responsibility as an organisation, it can vividly show the kind of influence it has economically, socially and environmentally on the communities both directly and indirectly.

The existing literature on corporate social responsibility (CSR) indicates a broader view that firms with the motive of CSR should focus on similar cordial relationships with other stakeholders as their traditional shareholders. Freeman (1984) states that if their concerns are made known to firms as stakeholders and subsequently met in the form of social responsibility, they would help maximize synergies for firms. This happens when the combined efforts of two to achieve organisational goals yield much more results than individuals working apart for similar goals to be combined at the end. Firms believing this are actually involved in CSR and now report on their ethical, social as well as environmental responsibility to stakeholders, including the government, several other companies, the community and the general public. Firms tend to invest more in socially responsible projects and see the need to look into

whether a relationship exists between corporate social performance (CSP) and corporate performance (CP). CSR now forms part of the goals of many firms. This helps the firms to determine the necessary correlation between CSR and CP. Where positive correlation is found to exist between CSR and CP, firms need to commit more resources to improve CSR. On the other hand, where negative or inverse correlation exists between CSR and CP, firms will see less need to commit more resources to invest in socially responsible activities.

Corporate performance is a complex issue and relative to organisational values, beliefs and aspirations. Gyves (2008) stated that there is no general agreement as to how firms' performances should be defined. Desirous performance by management may not appear to be desiring by stakeholders such as creditors, shareholders (owners) and other employees. In measuring corporate performance, management rely more on their insights than by means of criteria established according to the achievement of firms' goals and objectives. Corporate performance is normally measured to be a success once it exceeds the objectives of the organisation. The criterion for performance measurement is mostly linked to the use of objective quantitative methods that are easily evaluated.

Banking sectors performance measurements normally adopt the quantitative approach. The use of measuring tools or ratios such as Capital Adequacy Ratio (CAR), Earnings and Profitability Ratios (EPRs) Loan to Deposit Ratio (LDR), and other financial ratios are normally employed. Although banks use quantitative approach to measure performance, subjectively, financial healthiness may also be seen as a means to measure performance. Measurement criteria such as most healthy, healthy and least healthy may be used to denote various levels of qualitative performance, (Infobank, July 2012). Qualitative performance measurements of banks

include Corporate Ethical Behaviour (CEB) and Customer Satisfaction (CS) amongst others. Basically, there are two approaches of performance measurement in companies including banks namely economic perspective performance approach (objective) or quantitative approach and qualitative performance approach (subjective), (Linda et al 2004).

In the industry of banking, where rural banks are categorized, performance measurement is often made based on quantitative approach. Societies can know and resolve for themselves that the quantitative basis of assessment of performance in rural banks could either rise, maintain, or decrease over a number of financial years. Inclusively, quantitative measurements can be made over a non-financial period of every month, quarter, or semi-annually as the need may be.

In the Bono East Region, for instance, capital adequacy ratios (CAR) of Kintampo Rural Bank (KRB) Ltd. in the years 2016, 2017 and 2018 were 38.68%, 38.68% and 32.51% respectively. This shows a maintained performance in CAR in 2017 over the year 2016. However, there was a reduction in CAR in the year 2018 as against 2017.

The background of financial institutions that believe in social responsibility can be traced back to the eighteenth century. Banks instituted with the intention of resolving community problems or challenges were numerous. The formation of micro-credit institutions all over Europe as a response to poverty disasters, such as the funds of microcredit in the Ireland around 1720s (Hollis and Sweetman 1998, Seibel 2003). The Raiffeisen banks and Volks banks in Germany, which commenced as taking savings and giving credit to co-operatives addressed the needs of the impoverished in rural and other urban parts of the country after the famine of 1846 and 1847 (Raiffeisen 1866; Seibel 2003). Instituting financial institutions to address demanding local community problems led to the establishment of credit unions, banks, financial

co-operatives and microfinance institutions. The period of financial disaster of 2007 as well as 2008, the banks and financial institutions were accorded with public recognition and as middle men between lenders and borrowers. Banks have a unique position in the economic system, and the significance of this role for the socio-economic stability of our community cannot be overlooked. The recent assessment of corporate social responsibility delves into how an organisation achieves profitability and at the same time responding to its corporate social duties that will promote development for the society in which they operate (James, 2003). The observance of such a duty will impact on the performance of the firm, (Anderson and Dees, 2003). The study provides detailed study of the five rural and community banks in the Bono East Region, Ghana. All the banks have corporate social responsibility as part of their core businesses and objectives within the region and outside, to the nation and the world at large. However, the study places emphasis on the corporate social responsibility of rural banks to the Bono East Region.

1.1 Problem Statement

Corporate social responsibility highlights to the society and beyond, the existence and contributions made from businesses to the communities and the impact of such contributions on societies. Firms that give much attention to CSR can gain societal recognition and competitive advantage over other firms in the same industry or beyond. This can be exhibited in the effort to protect the environment and contribute to societal care. Some of the most contentious issues concerning CSR study encompasses the role CSR plays in corporate financial performance (CFP). According to Bowen (1953), CSR assists organisations achieve social fairness as well as economic growth by promoting the welfare for a larger part of social groups. Critics contend that the social responsibility would bring some cost to the organisation;

causing a distress in financial position or strength in the organisation. Ackerman & Bauer (1976) stated that only profitable firms are able to practise CSR, and they indicate that it is a by-product of corporate performance. Brammer et al (2015) proposed that CSR positively affects employee creativity and skills of creative nature. It also identifies an employee with his or her organisation. According to Holmes (1976), business reputation and community advancement are the most expected results of CSR.

The meta-analysis study by Orlitzky, Schmidt, and Rynes (2003) indicates that CSR is in direct correlation with CFP and vice versa, this correlation is however, driven by corporate reputation. Cramer (2003) also posited that CSR provides the opportunity for a firm to augment its value. This enhancement of value enables them to improve their financial performance (Callan & Thomas, 2009; Marti, Rovira-Val, & Drescher, 2015). Martínez-Ferrero and Frías-Aceituno (2015) and Busch and Friede (2018) also emphasized that there is a direct and positive relationship between CSR and CFP. Previous studies on corporate social responsibility however, did not indicate whether rural banks in a developing country like Ghana, especially those located in the Bono East will benefit from CSR or not. However, Newman et al. (2020) found a positive link that connects the adoption of CSR initiatives and organisational efficiency. He also pointed out that local community focused CSR activities drive the aggregate effect and suggests that social responsibility acts organisations carry out likely pay-off stakeholders locally. Also, according to Tilt (2016), countries like Sri Lanka have some similarities to developing countries but their economy is set against the expectation of civil wars. Ghana, though largely free from civil wars is a developing country. The researcher therefore saw the need to assess the effect CSR has on CP of the rural and community banks in the Bono East Region of Ghana.

1.2 Research Objectives

1.2.1 General Objective

CSR, if given the needed attention by various profit-oriented organisations would improve and widen the scope of operations of businesses and also benefit the society. The aim of the study is to examine the impact of CSR on CP of the Rural Banks in the Bono East Region.

1.2.2 Specific Objectives

The general objective of the study will be achieved as a result of achieving the underlisted specific objectives.

1. To determine the major corporate social responsibility activities carried out by rural banks.
2. To examine the relationship between customer satisfaction and CSR.
3. To evaluate the effect of corporate social responsibility on corporate performance of rural banks.

1.3 Research Questions

The above specific objectives will be achieved through the following research questions.

1. What are the major corporate social responsibility activities of rural banks?
2. What is the relationship between customer satisfaction and CSR.
3. What is the effect of corporate social responsibility on corporate performance of rural banks.

1.4 Significance of the Study

Corporate social responsibility is not about partaking in volunteering and charitable activities alone. It also involves establishing the organisation's own profile to build a better society through formulating programmes, policies, beliefs and strategies for

social and economic integrity and making it a corporate duty to develop and seek the welfare of the community, (Zinkin, 2004). The customers of rural banks, like other financial institutions are seen as having the major influence on the operations of the banks. Customers relationship with financial institutions goes beyond a mere lending and saving of moneys in the form of loans and deposits (savings and current accounts) respectively. The welfare of customers and quality of delivered products and services to meet their satisfaction should be of critical consideration to the business. The study would provide customers with an improved delivery of products and services by rural banks around them as well as suggesting ways of ensuring the welfare of customers in the Bono East Region and beyond through corporate social responsibility activities.

The industry of rural and community banks must make it a duty to make social contributions to their community one of their principal goals in order to operate in an environment conducive for the achievement of their financial objectives. Significantly, the study will impact on the need to infuse into the organisation cultural, ethical, social and environmental considerations concerning the community, mostly, where business is carried out. This will promote the achievement of the organizational objectives. Other organisations outside the rural banking industry stand a chance to benefit from the study by adopting the rudiments of CSR activities undertaken by rural banks of which they can also emulate to improve upon their financial performances.

Generally, the study will benefit the Ghanaian economy as a whole if rural banks realize the need and obligations to pay much attention to corporate social responsibility which would contribute to the national gross domestic product (GDP). It will bring infrastructure development to a developing country like Ghana. Future

researchers will also benefit from the study and can also expand the scope of their research to cover firms other than rural banks.

1.5 Scope and Limitation of the Study

The study covers corporate social responsibility of the five rural banks and the effect of such responsibility on the performance of the banks. Performance measurement is focused on key financial ratios including capital asset ratio. The moderating factor that influences the effect of CSR and CP was customer satisfaction.

Many rural banks are actively operating in Ghana and almost all of them are committed to some corporate social responsibility to their community and nation. However, the study concentrated on rural banks established in the communities of Bono East Region of a developing country, Ghana. Also, some respondents of the banks and customers of the banks were reluctant to give out some information. Others also did not produce the right information to the study. The study conducted the questionnaire on a sample size of the workers and community members including bank customers of the rural and community banks and could not reach all the targeted workers and customers of the banks. The study could have generally made on other financial institutions like commercial banks in the region.

1.6 Organisation of the Study

Organisation of the study is the details of the style and the arrangement of the study. The study is made up of five chapters. Chapter one is introduction to the study and comprises of background to the study, problem statement, research objectives, research questions, significance of the study, and organisation of the study. Chapter two is literature review and it's made up of introduction, theoretical review, conceptual review and empirical review of the literature.

The third chapter is research methodology. This entails the introduction, research design, population, sampling technique, sampling size, data collection instrument, sources of data and data collection tools or procedures, data analysis techniques, reliability and validity of data and ethical consideration. Chapter four is results and discussions and finally chapter five is research findings, recommendations and conclusions.



CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

Chapter two is literature review of the study and details the current literature reviews various scholars and researchers have made on corporate social responsibility and corporate performance. It also contains the various concepts of CSR and CP as well as the general ideas on the topic under study.

2.1 Theoretical Review on Corporate Social Responsibility

In the Bono East Region of Ghana, hundreds of firms have committed funds to carry out numerous developmental projects such as community water projects, recreational parks, renovation works such as re-painting of houses in some communities and contributing funds to help build schools, hospitals and computer laboratory facilities for the community. Such projects and assistance offered to the communities have got meaningful impacts on the rural banks who have, are and will make such contributions. Various studies which were conducted on corporate social responsibility summarily propose that there is a positive effect of CSR on CP. However, other studies found that there is a negative effect of CSR on CP. This review of the study therefore assessed whether CSR is an opportunity or a threat to the firms. It also discusses that firms' CSR is a necessity and obligation in the communities.

2.1.1 Corporate Social Responsibility: An Opportunity or a Threat?

Selvi et.al., (2010), posits that CSR is said to mean the task of firms in the form of social contribution to the development of the community. The Commission of the European Communities (2001) also defined CSR as a concept where companies merge societal and environmental issues in the normal business activities willingly.

According to Kitchin (2002), Corporate Social Responsibility means “changes in social relationship (CSR)” over time. CSR also is seen as a valuable marketing tool, Lantos (2001).

Many researchers have come out with different ideas. Some of them are of the view that CSR is a threat to the survival of the organisation. Others also propose that CSR activities create a great opportunity. Researchers that see CSR as opportunity consider CSR practices as a long term and sustainable organisational strategy irrespective of any financial and economic drain it may have on the company currently.

Various studies made, examined the impact of CSR practices on the corporate's performance. Included in those studies were Fernandez & Souto, (2009) who argue that CSR has an inverse relationship on corporate performance since it results in extra costs to the businesses. A progressive effort in the activities of corporate social responsibility implies that losses are likely to occur in the running of the business activities due to the relaying of resources to perform CSR tasks. This position confirms Friedman (1970) theory and others that the resources channeled to perform CSR activities directly reduce shareholders profit and value of shares. That is CSR leads to a reduction in the Return on Equity (ROE) and Capital Gains (CG). The theory therefore, supports that it is not needed for organisations including rural banks to become socially responsible to the community since such commitments minimize corporate profitability (Orlitzky *et al.*, 2003).

Kara Ibrahim Olu (2010) studied financial performance of one hundred (100) companies who actively indulge in corporate social responsibility activities prior to the crisis and during the crisis in 2007 and 2008 respectively. The findings indicated recognizable reduction in CSR works during the financial crisis. Other companies reduced their spending on CSR works yet to be started,

Also, (Kemper & Matin, 2010) and Arevalo & Aravind (2010) also investigated the effect of financial difficulty on corporate social responsibility. They showed that the finances of the firm are stretched away from the main goals of the organisation where CSR become part and parcel of the business activities.

These researchers studied organisations which employed the principles of United Nation Global Compact (UNGC). The UNGC is an international organisation urging organisations to align their strategical and operational tasks in accordance with the universal principles on human rights, labour, environment and anti-corruption, and take actions that facilitate the achievement of community goals. The ten principles of the UNGC are derived from the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development and the United Nations Convention Against Corruption.

These ten principles are categorized under human rights, labour, environment and anti-corruption principles as stated below:

Human Rights:

1. Organisations ought to aid and respect the protection of internationally proclaimed human rights.
2. Organisations should ensure that they are not complicit in human rights abuses.

Labour:

3. Organisations should uphold the freedom of association and the effective recognition of the right to collective bargaining.
4. The elimination of all forms of forced and compulsory labour.
5. The effective abolition of child labour.
6. The elimination of discrimination in respect of employment and occupation.

Environment:

7. Organisations should support a precautionary approach to environmental challenges.
8. Undertake initiatives to promote greater environmental responsibility.
9. Encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

10. Organisations should work against corruption in all its forms, including extortion and bribery.

The study concluded that firms that employ UNGC principles in formulating their business strategies will not be harmed by financial declines whilst companies that see UNGC principles as a mere story or a mirage will be harmed by financial declines or economic shock. The study also highlights that in some cases, CSR principles are known to be a harbinger of improving organisational operations. In crisis era, organisations are required to alter their business strategies (Peter, 2009) and objectives in connection with the expectations of the community (Porter & Kramer, 2002). In that regard, the following questions are raised. Did financial crisis affect the CP of organisations? Was the effect positive or negative? If the answer is positive, then CSR must be linked with CP. If negative too, then, corporate social responsibility must not be linked to financial performance in the short run but can be linked to corporate financial performance in the future. 'Ceteris Paribus'.

A third view also shows that, there is a neutral relationship between corporate social responsibility and corporate performance (Aupperle, Carroll & Hatfield, 1985; Ullman (1985). Their view was supported by McWilliams & Siegel, (2000) and Becchetti et al. (2005) who proposed that the profitability of a firm is strongly rooted

on the efforts of management to strengthen its internal activities and not related to the social, environmental and/or ecological activities of the organisation. Lee (2006), on the basis of empirical studies asserted that, there is no substantial impact of corporate social responsibility on corporate performance, hence CSR activities may be carried out, even though they improve and develop the communities, they have no bearing on the financial or non-financial performance of the entity. They also informed that firms would even in the future continue to perform profitably or otherwise whether they are indulged in corporate social responsibility tasks or otherwise both now and in the future.

2.1.2 CSR as an Obligation and Necessity

The CSR concept is a prerequisite i. e., companies including rural and community banks have a lot of responsibilities that ought to be honoured to the communities in which they operate, Nader (1965). Nader in 1969, also widened his movement on CSR. He stated that, the welfare of the communities has to be voluntarily met from the financial resources of the organisations. He posited that, investors' main focus should not only be battling for wealth but must also have the interest of the community at heart. They established that organisations expressively should be active in societal, environmental and charitable activities.

Donna J. Wood (1991) cited that “the fundamental idea of CSR is that the community and the organisation are more entangled than being separate business entities. According to the four groupings of CSR by Carroll, Wood (1991) stipulated that the four types of CSR are considered as main ones that can be trusted. The corporate social behavior refers to three analyses. Wood (1991) proposed responsible behaviour is influenced by the responsibilities outlined in the CSP model as follows:

- a. institutional level measured by the principle of legitimacy,

- b. organizational level operated by the public responsibility as well as
- c. individual level operated by the principle of managerial discretion.

After a general synopsis of the CSP models regarding CSR, the conclusion is given that Friedman (1970) in his view, differs from all other studies. He struggles for minimum personal activities by the firm whilst others have entirely diverse opinions propagating that organisations need to make extra efforts to preserve the environment. They are to pursue more actively in the welfare of the communities. The welfare, otherwise, well-being of the entire constituents of community is a necessity and therefore must be seen as a duty, otherwise, responsibility of corporations including rural banks.

Morally as well as religiously, the basic beliefs that are thought especially by Christians, include coming to the need of people as an ordinance or a requirement of the scriptures. A command was given by Jesus in Luke Chapter 6 verse 38 quoted from the King James Version of the Holy Bible “Give, and it shall be given unto you; good measure, pressed down, and shaken together, and running over, shall men give into your bosom. For with the same measure that ye mete withal it shall be measured to you again”. The Matthew Henry English Bible Commentary interprets the above quotation as “God blesses the giving hand, and so makes it a getting hand” (Henry, 2000). Also, in Romans 12:18 it quotes “If it be possible, as much as lieth in you, live peaceably with all men” (KJV). The same commentary explains that it was folly for a wealthy man mentioned in the parable of Jesus to think of making no other use of his plentifulness, than to indulge them in the flesh and gratify the sensual appetites, without any thought of doing good to others. The above quotes both from the new testament of the Holy Bible in the realm of the Christian community present the duty and necessity of giving to people who are around you that need your assistance to

make life better for them. The necessity and the duty owed by Christians to the Almighty God lie in the relationship and the demands God expects from them in order to fulfil their truthful Christian values as followers of Jesus.

In the Muslim religion, the third amongst the five pillars of Islam known as “Zakat” states that the Muslim believer has it as a faithful obligation to give charities out of resources owned. Again, in Traditional Hinduism teachings, where it is believed that virtues in the current life have a link to the prosperity in the future life and charity giving is considered to be a good earthly or current virtuous life.

In the world of the economist, income has to be accumulated before the act of giving can take place. On the contrary, religious leaders and philosophers have posited that the habit of giving always leads to the acquisition of wealth and prosperity (Brooks, 2007). According to some psychologists, charity giving can be very productive in people’s lives. It enhances their self-esteem, confidence level and subsequently make them lead prosperous living (Bandura, 1994). Charitable activities including the art of giving and assisting in voluntary activities tend to strengthen the social interactions between people. These social interactions are of equivalent essence as physical exercising, healthy diet and personal hygiene. Again, studies have established that people who socialize with others enjoy a healthier lifestyle and live happily. In general, charity giving, good health and happiness are normally affiliated together. Schwartz et al. (2003) posited that assisting others lead to positive mental healthiness. Givers of wealth are likely to benefit as much as receivers. They improve emotionally and physically after donating their time and wealth in philanthropy. In conclusion, they proposed that charity releases huge benefits to the givers as well (Schwartz, Meisenhelder, Ma, & Reed, 2003).

In this era of the worldwide pandemic of the Novel Corona Virus (NCovid 19), organisations including rural banks have a corporate duty and necessity (saving human lives) to assist in the mechanisms needed by the government of Ghana and other countries across the globe to fight against the spread of the corona virus where efforts have not been completed to have the cure and the final vaccination of the pandemic. Various institutions and banks including rural and community banks have rendered numerous forms of assistance including the supply of personal protective equipment (PPEs) to various hospitals, isolation centres and quarantined patients and the public at large.

However, they are not for the upliftment of the poor people in the community only. They also serve as a means of creating a talent of various skills and human resources which can be used by organisations as human capital needs.

2.2 Conceptual Review

2.2.1 Conceptual Framework

The pictorial view and link between corporate social responsibility and corporate performance according to the study was expressed in diagram of a hierarchy with corporate social responsibility at the bottom and corporate performance at the top. The two, CSR and CP are linked through mediating factors such as customer satisfaction, corporate ethics and firm commitment.

Corporate social responsibility and corporate performance from the diagram are closely linked with corporate social responsibility as the servant (dependent) and corporate performance as the master (independent). This is explained thus, the organisation needs to initially become profitable before it can extend its hands towards corporate social responsibility but not performing CSR activities first before improving corporate performance. Corporate performance therefore is the architect of

corporate social responsibility. However, after the profitability of the organisation, CSR serves as part of the bases for corporate performance.

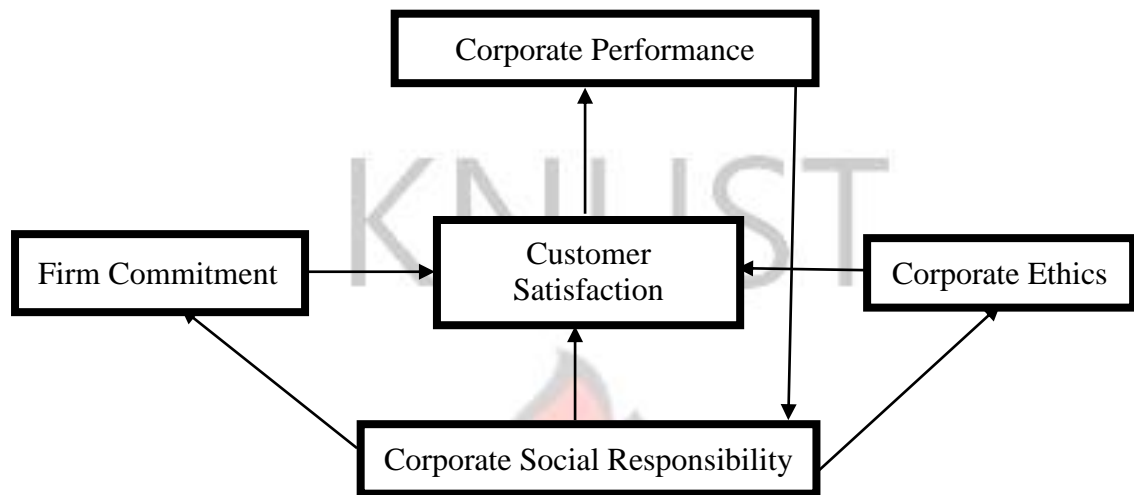


Figure 1: Conceptual Framework

2.2.2 Ethical Values and Corporate Social Responsibility

Corporate social responsibilities and ethical management according to the stakeholder theory are positively associated. The values of supervision of an enterprise are specially addressed between and among its stakeholders. According to Zhu et al. (2013), they unquestionably explain that in recent management practices, corporate managers operate in a multifaceted worldwide setting. They support the stakeholder theory since the firm is seen as a group of suppliers, employees, managers, distributors and investors. The organisation is having legal and moral roles in the community and its environs. The environment in which the organisation operates sometimes determines the leadership and ethical phenomena the organisation will adopt to satisfy, meet or respond to various expectations that will be posed by stakeholders both within and without the organisation.

Again, the study proposed that firms should take into consideration the interests of all the stakeholders, Zhu et al. (2013). According to Brown (2005), ethical leadership is the exhibition of appropriateness of behaviour on the verge of inter-personal

relationships whilst boosting the morale of workers with suitable rewards and appreciations for their sacrifice made to support CSR activities. The ideal leader with ethical behaviour, clings himself with principles, aspirations and values that have probable willpower to improve upon the community in which they operate.

Reynolds and Ceranic (2007) posited that with respect to stakeholders, ethical leaders are those that have the ritual of creating good relationships with stakeholders. They boost commitment and motivation by providing incentives to enhance coordination, sharing of information and collaboration to attain positive change in the firm. For example, leaders who behave ethically would make it a responsibility, morally, to meet their customers' needs and satisfaction by providing them with the right quality and safe products (Khan and Dong, 2017). The personality characters of organisational leaders like meticulousness, good moral values and philosophies are the signs of ethical leadership (Mayer et al., 2012). Some studies made on Chinese firms examined the connection between ethical managerial leadership roles and corporate social responsibility practices. Their results indicate that ethical leadership is strongly and certainly connected to CSR activities; and that where a company wishes to be ethically accountable, it will gear its direction of leadership to achieving enough corporate social responsibility that would be recognized by stakeholders who are inside and outside the company (Zhu et al. (2013), Liu et al. (2013), Groves et al. (2011) and Vitell et al. (2003).

2.2.3 Banks Commitment to The Community

The banking sector of the economy including rural banks owe it a duty to ensure that their operations and activities to a large extent develop the community in which they are established. The establishment in this context is not limited to only the physical structures of buildings and other physical edifices but extends to wherever due to

modern advancement of financial transactions, their products and services are transacted such as stock exchanges and over the counter (OTC) electronic platforms where their businesses are transacted, basically online. In recent years, there have been many positive commitments by various rural banks through CSR activities (Banks et al., 2011). A number of studies have been developed on how banks and other firms show commitment to their societies in which their operations have influence on (Banks, Kuir-Ayius, Kombako, & Sagir, 2013; Hughes, 1988; Winner, 2003).

Commitment has been broadly explained as a process that select alternatives which promotes an enabling environment where people in the society can easily have for themselves, a better condition of living and lifestyles to improve upon their standard of living through the influence and assistance of organisations (Shaffer, 2006).

According to Leach, Biggs, Phillipson and Money (2006), the financial, cultural and communal development of the society involves a procedure in which the people and the government of the nation jointly contribute their quota towards community enhancement. This enhancement forms part of a good living conditions which increases national progress. Sanders, (2008) views community development as a process of moving from one phase to another. He also sees it as a purposeful functioning of the activities or dealings that lead to the improvement of people's well-being and principles. This is unquestionably true for rural and community banks whose contribution to the economic and well-being of the society is highly salient. They posited that for rural banks to achieve their aim of commitment to their communities, their CSR activities must serve some expectations, purposes and values to the community as shown in the chart below.

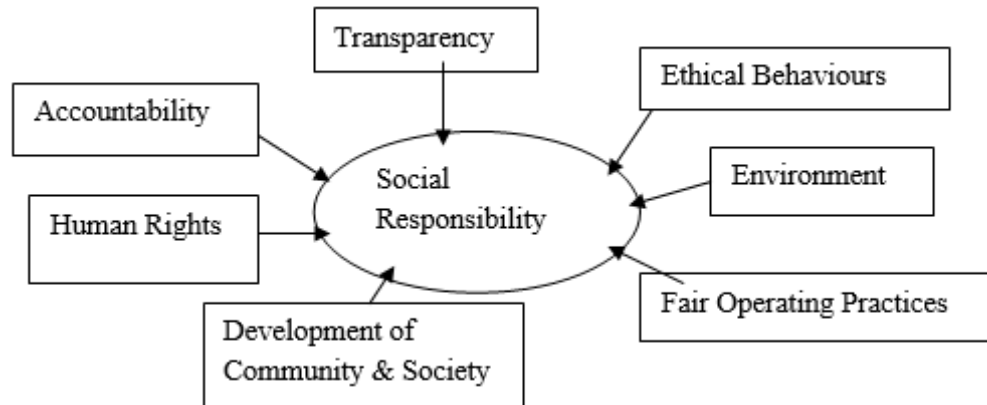


Figure 2: Banks Commitment to the Community (Secretary (2012) cited by Sofri B. Yahya)

The study was conducted to analyze the effectiveness of corporate citizenship and community development (CCD) activities as well as responsibilities of all Islamic banks in Bangladesh.

Accountability gives confidence to the general users of accounting information. This confidence is required to be offered by the people running the affairs of the organisation. They should be held accountable for whatever actions taken by them. In the culture of Islamic banks where accountability is keen, the laws such as the employing effectively of the financial, human, natural resources and fulfilment of tax obligations due to the government are considered to be highly committed and upheld. Consequently, such commitments ought to be represented fairly in the financial statements and more especially, ensuring that people in higher positions of the organisation are also recognized (O'Dwyer & Unerman, 2010).

Transparency requires that, the Islamic banks become transparent enough in their judgment and carrying out of activities that concern the community and its environs (High Commission of Canada & Reed Consulting BD ltd, 2013). Activities carried out must be convenient and factual, delivered in a pure and goal-related in order to enable the stakeholders assess the impact of the decisions and actions of the Islamic

banks on stakeholders' peculiar interests. One of the basic standards in the implementation of the CCD plan is transparency. Therefore, the main consideration in the implementation of the CCD standard is how a transparent strategy has to be structured in order to improve upon the CCD behaviour of organisations (Dubbink, Graafland, & Van Liedekerke, 2008).

The next is ethical behaviour and it requires that organisations ought to behave ethically all the time. To be ethical, the behaviour of Islamic banks must be based on the values of honesty, equity, integrity and sincerity. The issues of all stakeholders should be addressed with the purpose of eventually achieving an ethical corporation (Fassin, 2005).

In accordance with the research made by (Joyner & Payne, 2002). The ultimate objective of business corporations should be either avoiding legal consequences of its activities or portray to the stakeholders that the corporations have at heart their interests and seeks to serve them instead of serving the corporations' interest. The ethical culture of the Islamic banking should be in a close mark to the best interest of the community. Such interests (values) include concern for people, environment, nature and an obligation to tackle the consequences of the corporations' activities and evaluating stakeholders' interests to achieve them.

The activities of man in the universe have altered the ecosystems extremely and rapidly in the world as well as Bangladesh since 1960s more than ever. This has caused for the necessary recognition of responsible environmental practices as part of CCD practices in the Islamic banking sector in the country. Recently, Islamic banks of Bangladesh carried out remarkable environmental activities such as resources saving, financing green initiatives, protecting and restoring ecosystem services, using

land and natural resource sustainably, valuing and protecting biodiversity and advancing environmentally sound urban and rural development.

Khan, Islam, & Ahmed (2010), established that just eleven percent (11%) of the banks have set aside some funds that was channeled to aid such environmental activities.

Again, the study pointed out that fair operating practices as an area of commitment, can be achieved in values like fair competition, anti-corruption, socially accountable behaviour, responsible attachment in the public sphere, relations with other organizations and admiration for property rights. In consideration with the Islamic banks, fair operating practices covers ethical conducts among banks, ethical conducts between banks and government institutions, and ethical conducts between banks and their customers, competitors, and the associations where they are part of the membership. Mijatovic & Stokic, (2010) posited that the Islamic banks CCD tasks practises fair operating practices in various relationships such as employees and management relationships, management and customer relationships, environmental safety practices, community versus social values attachment policies and transparency in business and commerce activities.

The High Commission of Canada & Reed Consulting BD ltd, (2013) defines human rights as “the polite treatment of all individuals, in spite of any of their individual characteristics, just because they are human beings”. As such, Islamic banks ought to respect human rights and identify their universality and importance. Islamic banks in Bangladesh preferentially promote human rights, particularly in their societal investment areas in health, education, empowerment and poverty reduction. The banks consider these activities as part of fundamental rights of the people.

2.2.4 Background of Rural and Community Banks in Ghana

Rural and community banks which are popularly known as rural banks were first established in Ghana in the year 1976. The purpose for establishing the banks was to provide financial and banking services to the people in the rural communities. They were also set up to provide credit to small-scale farmers and businesses and community developmental works. The first rural bank was established in a farming community called Agona Nyakrom in Central Region of Ghana with paid-up capital of old Ghana Cedis of Sixty Thousand, Six Hundred and Sixty (GH¢60,660.00) or about US\$52,000.00). The main source of capital for the first bank was raised by people who were farmers in the town. The next rural bank after the first one was established at a fishing community named Biriwa also in the Central Region of Ghana. There was a progressive increase in the rural bank business as at then so as of the year 1980, Ghana had recorded a total of 20 rural banks all over the country with a maximum number located in the southern sector of the country. Rural banks are locally owned and managed. The Association of Rural Banks (ARB) was formed by the managers and directors of the rural banks in the nation as at that time. It was formed to promote the exchange of information and also to improve the performance of rural banks in the nation (Nair & Fissaha, 2010). The rising interest among rural communities in founding their own banks particularly the cocoa growing areas of Ghana contributed to the uprising increase in the number of rural banks. These cocoa farmers then came out with ‘Akuafu’ Check (Farmers’ Cheque) which were mainly used for transactions of rural banks at the cocoa growing areas in the year 1982. The total number of rural banks in the country increased rapidly and reached a total number of 106 over the years of 1980-1984. As the number of rural banks increased significantly, the government then saw the need to provide a legal backing for

establishing new rural banks. The Bank of Ghana (BoG) therefore, developed and came out with guidelines for the establishment of rural banks in the year 1985 (BoG, 2008).

Currently in the year 2020, Ghana is having 144 rural and community banks. The Association of Rural Banks (ARB) Apex Bank serves as the central bank for all rural banks in Republic of Ghana. The ARB Apex Bank is the clearing bank for all rural banks and it is regulated by the Bank of Ghana. The ARB Apex Bank has ownership of shares in the various rural and community banks across the country.

Rural banks are established and incorporated as limited liability companies by the Companies Code of 1963 (Act 179) of Ghana. The Act gives them the opportunity to raise shares to shareholders from the local community in which they exist and operate. Before 1990s, the Bank of Ghana directed that up to 43% of the shares held in the rural banks had to be preference shares. In the early years of rural and community banking, no individual or corporate body was allowed to hold more than 10% or 30% of the total shares respectively (Nair & Fisssha, 2010). These levels have been revised by the regulatory body of rural and community banks to 30 percent (30%) and 50 percent (50%) for an individual and for a corporate body respectively (Nair and Fisssha 2010). Also, any identifiable group of people can also own not more than 40% of the total shares in a particular rural bank. However, the current banking act is Banks and Specialized Deposit-Taking Institutions Act, 2016 (Act 930).

Rural banks as of that time were principally providing savings and credit products and services. Gradually, the number of rural banks and individuals with bank accounts increased. The rural banks' networks were used to transfer the salaries and pension deposits for civil servants. As a result of that, in 1976, volumes of deposits also increased from old One Hundred and forty-Eight Ghana Cedis (GH¢148,000.00) to

old Two Billion and Three Hundred Million Ghana Cedis (GH¢2,300,000,000.00) in 1988. With the addition of credit lines, the consolidated loan portfolio growth stood around Four Million Dollars (US\$4,000,000.00), with almost half of the portfolio in agriculture and 30 percent in cottage industries. However, non-performing loans (NPLs), the repayment performance worsened with an upward move from 5% in 1982 to 70% in 1986. This meant that the availability of capital in most banks was not enough to cover the cost of the bad loans.

The rural and community banks governance structure is made up of a Board of Directors (BOD) as the highest governing body that represents shareholders of the bank who oversees the management. The members of the BOD are nominated and elected by the shareholders from the communities in which the banks are located. The election of the board is done during their annual general meetings (AGMs). The election of board members by the shareholders is based on the reputation of a member in the society as well as the professional qualification and experience. According to section 32 and 33 of the Banks and Specialized Deposit-Taking Institutions Act, 2016 (Act 930) the Board of Directors of RCBs shall possess individually and collectively competencies, appropriate experience and personal qualities including professionalism and integrity. It further said that the competencies of the BOD shall be diverse to enable it effectively oversee the operations of management and ideally have a blend of the fields of Banking, Law, Finance, Accounting and Economics. Other fields include Information Technology, Business Administration, Financial Analysis, Entrepreneurship, Risk Management, Strategic Planning and Corporate Governance as well as other areas that the Bank of Ghana may deem fit. The appointment of board of directors is subject to the approval by the Bank of Ghana. After the approval by the Bank of Ghana, they are given the mandate to work. They

then elect a chairperson and a vice chairperson from the board itself. The chief executive officer (CEO) of the RCBs in most cases serves as the secretary to the Board.

Section 42 of the Banking Act enshrines the tenure of office of directors as maximum three (3) terms of three (3) years per term. According to this directive, BODs of the RCBs will have a maximum of nine (9) years to serve if they are re-elected by shareholders. The advantage of this directive is that BOD members who are not effective and efficient but are able to persuade shareholders to vote for them will lose the opportunity to serve forever, so to speak. It at the same time got rid of some directors who are bossy and mostly thinking that the bank is a personal property to them and work for personal benefit at the expense of shareholders' benefit. The directive will create the chance for new directors who are likely to bring fresh ideas. Studies have revealed that some BOD of some RCBs have served as members of the board for more than two (2) decades before the coming into operation of the new Act. There exists a great chance that some of these longer serving directors will fall prey to cankers such as over-dependency on past experience and not allow themselves to bring development into the banking industry. This will surely affect such directors' ability to make fresh and meaningful contributions when it comes to decision taking in the boardroom. The new banking Act however, has a disadvantage of cutting short the tenure of experienced directors who are performing creditably to step down after serving as directors for nine (9) years.

According to the Corporate Governance Directive (CCD) 2018 the Board Chair shall be nominated for re-election once for the next term of four (4) years. This implies that within a maximum of eight (8) years can one become the chairperson of the board. Currently, some RCBs board chairpersons have served for over ten (10) years.

Similarly, the directive will ensure that new members with good leadership skills and behaviour will get the chance to serve as leaders of the BOD for a maximum of eight years. It will also enable RCBS to have new board chairpersons who will bring in fresh ideas and also ensure that decisions are taken on a sound and well-informed basis. Similarly, the directive will also prevent chairpersons who hijack the board because of their significant shares held in the firm or for any other influence. The negative implication is that good and high performing chairpersons will not get the opportunity to lead the board after eight years maximum.

The board size of RCBs shall be a minimum of five (5) and a maximum of thirteen (13) members including the chairperson. The majority of which must be non-executive and normally resident in Ghana. This will not create room for any individual or group of people to dominate decision-making process of the Board. The BOD of rural and community banks has from three to five supervisory sub-committees responsible for the managing and operating of the rural banks. The supervisory sub-committee members are elected within the BOD on the bases of their interest and specialization.

Nair & Fissha (2010), stipulates the main sub-committees and their corresponding responsibilities as follows:

a. Finance Sub-Committee

This sub-committee monitors the overall financial performance, assesses the liquidity position and makes decisions on advances, monitors the investments, reviews the operational budget of the bank. Other duties include ensuring that accounts are prepared for audit, prudential returns are prepared and submitted, provision for bad and doubtful loans are made and policies and manuals are updated and implemented.

b. Audit Sub-Committee

The audit sub-committee is charged with the responsibility of ensuring that the internal control measures are in place and actively working. Such duties include the processes involved in the initiation and approval of transactions in the bank, internal audit assignments and providing internal audit reports for review by external auditors.

c. Procurement Sub-Committee

The procurement sub-committee has a duty to the rural bank where it comes to the acquisition of fixed assets. Assets of capital nature such as computers and accessories, furniture, buildings must pass through the procurement processes to ensure that value for money is achieved. They see to it that all the processes necessary to award some contracts of the rural banks are adhered to and ensure the successful execution of the contract.

d. Loans Sub-Committee

This committee ensures that loans are approved and granted in accordance with the operating policy of the bank and that loans disbursed are recovered. It also reviews approved loans applications and follows up with defaulting clients and conduct legal cases.

d. Disciplinary Sub-Committee

They manage conflict between and among bank' staff and discipline staff in case of any misconduct or misbehaviour.

The board normally holds a meeting once every month. During their meetings, the board approves loan amounts that exceed the threshold of the management of Five Thousand Ghana Cedis (GHC5,000.00) in the case of salary loans. However, commercial loans irrespective of the amount are approved by the board after examining portfolio quality of applicants. They also do follow ups of previous meetings' actions, reviews monthly reports from the internal auditor, reviews report

from supervisory sub-committees of the board and also the strategic decision of management is offered guidance. For the purposes of information and monitoring, the minutes of BOD' meetings are recorded and submitted to the Bank of Ghana. Irrespective of the fact that Rural Financial Services Project (RFSP), an international development association of the World Bank's support, the bank's shareholder services such as share registries that essentially attract investors are not timely up-dated.

Up to date, many rural banks still accord their shareholders with equal voting rights for each shareholder in spite of the number of shares invested. This offers no incentive to shareholders to increase their shareholding. This situation is being changed to voting rights based on the number of shares.

The monitoring as well as supervision of the activities of rural and community banks in Ghana is the solitary responsibility of the Bank of Ghana through the Banking Supervision Department (BSD). Under their supervision, the BSD supervises the rural banks operations through on-site and off-site inspection, attendance of AGMs of rural banks and issuance of directives for their administration. It is obligatory for rural banks to submit monthly returns, quarterly returns and annual returns on various financial and non-financial performance indicators. Rural and Community banks could receive some punishment from the Bank of Ghana for failing to submit, incompletely submit, delaying to submit, or incorrectly submit any of those returns mentioned above. The above constitute off-site supervision activities. The Bank of Ghana's annual on-site supervision takes about five days in each rural bank and must be made at least once a year in every rural bank. The on-site supervision examines various areas of a banks' activities such as books, records, and the use of fixed assets. They also check the bank's physical cash, ensure the adherence to the liquidity reserve ratio, check the physical cash storage security system, examine customer

turnover time and evaluate the insurance policies. Following the examination is a report detailing the actions and inactions that the bank must implement. Based on the on-site inspection and the monthly, quarterly and annual returns filed by rural banks, the Bank of Ghana rank rural banks as satisfactory or otherwise. The main performance indicators considered for this classification are paid-up capital, net worth, the capital adequacy ratio, loans and advances, investments, liquidity, deposits, and total assets. The Bank of Ghana can revoke the license of a rural banks if the capital base of the bank is significantly worn out. This happens where liabilities exceed assets, except the shareholders are able to pump in additional capital to restore it to normalcy in operation within a period of six months of the capital wear out.

In order to ease the supervision of rural and community banks, a law was enacted in 2006 to allow the BoG to delegate part of the supervisory roles to the ARB Apex Bank, as stated below:

1. Monitor, inspect, examine, and supervise rural and community banks in accordance with relevant rules, regulations, and policies;
2. Maintain primary cash reserves of the rural and community banks in accordance with relevant rules, regulations, and policies;
3. Provide species management and species movement services.
4. Lend to rural and community banks facing temporary liquidity problems; and

Despite the above delegated roles, the BoG still does both the on-site and offsite supervisions.

The BoG permits the rural and community banks to operate all the products and services carried out by the commercial banks except the operation of foreign exchange transactions (Boapeah, 2011). Currently, the salaries and allowances of both

public and private workers and their pension moneys are paid through the rural banks (Boapeah, 2011).

2.3 Empirical Review on the study

2.3.1 The Inter-Dependency of CSR and CP

Corporate social responsibility and corporate performance are dependent on each other. In this sense, it is not possible for an organisation to perform creditably or profitably without CSR's contribution. A business surviving in the economic environment among competitors has not been successful without the help of CSR. Businesses grow with their strength emanating from their culture of improving corporate social responsibility.

The other side of the coin reveals that, for an organisation to be able to indulge in corporate social activities, that organisation would be the one that has been successful in business in the midst of competitors. High levels of profitability would make it possible for a firm to commit substantial amounts in the provision of socially oriented projects. In the absence of good corporate performance, firms' financial and other resources would be channeled to activities that contribute to or improve firms' income levels and financial positions rather than extending resources to provide social and environmental needs for the community. Rural banks with corporate performance deficiencies would find it very difficult to meet community needs in the name of corporate social responsibility.

According to Waddock & Graves (1997), the two contributory relations already explained propose the interesting cycle and a simultaneous relation of corporate environmental performance (CEP) and corporate financial performance (CFP). With reference to this hypothesis, a vibrant CEP initiates better CFP, CEP can be reinvested

into with the sufficient resources from CFP. This leads to a two-way causality for the two concepts.

This above scenario however, also gives rise to negative synergy (Allouche & Laroche, 2005). Negative synergy in the sense that although CSR and CP depend on each other to be fully achieved, the two components if not managed and coordinated in the right direction and scope could cause organisational downfall or under achievement of organisational objectives.

2.3.2 Customer Satisfaction and CSR

Corporate socially responsible activities inspire organisations to do more societal and environmental tasks. The performance of such activities sometimes fulfils a legislation requirement (Yu & Choi, 2014). In general, corporate social responsibility activities have become an unavoidable vital topic for discussion by most researchers related to social sciences, Godfrey et al. (2009). CSR activities pragmatically have been one of the organization's potent assignments (Liu et al., 2011). Historical studies conducted revealed that there exists direct relationship between CSP and CFP (Kakakhel et al., 2015), brand performance (Lai et al., 2010), customer satisfaction and organisational political activities (Saeidi et al., 2015). Hond et al., (2014) concluded that the link between CSR and corporate performance are more attractive than what previous studies have shown.

In the same way, the study expanded what previous researchers have said in line with the link between CSR and corporate performance by adding that firm's commitment, customer satisfaction and corporate ethics are mediating factors of CSR and corporate performance. Among them customer satisfaction is the key factor. Additionally, the study noted that customer satisfaction is also intertwined with firm's commitment and corporate ethics. Therefore, it is important to inculcate customer satisfaction, firm

commitment and corporate ethics into the linkage that holds corporate social responsibility and corporate performance in the organisation.

CSR has been researched for many years by multiple experts, analysts and researchers. They have defined CSR in several ways (Nejati & Ghasemi, 2012).

McWilliams et al. (2006) in their opinion, seeks environmental compassion where products and services are being increased, leading to high CSR commitments. The increase in products and services is important to meet the expectations of customers, Gauthier (2005). According to Van Beurden & Gössling, (2008), they conducted several investigations where they concluded that there is yet a lot of a general and brief definitions of CSR. Therefore, the definition and assumption of CSR would be diverse and challenging for each stakeholder to conceptualize (Van Marrewijk, 2003).

Corporate performance has been directly improved according to some studies in recent times by customer satisfaction according to (Flatt & Kowalczyk, 2011), corporate reputation (Roberts & Dowling, 2002), and according to (Sabate & Puente, 2003), competitive advantage. CSR provides both financial and non-financial benefits to organisations. Organisations are less risky in their operations, where a good corporate reputation is achieved through CSR (Helm, 2007). Other organisations also take chance on significant growth in sales which leads to large profit volumes as a result of improvement in corporate reputation (Kotha et al. & 2001, Roberts & Dowling, 2002). Customer satisfaction according to Anderson & Sullivan (1993) is achieved when long-term corporate reputation (CR) is maintained. Again, corporate reputation is the result of better customer satisfaction (Galbreath and Shum, 2012). Customer satisfaction denotes that products and services offered to them really meet their needs (Ahmed & Amir, 2011). Where customers' needs are met with the products and services supplied by the organisations, repeated purchases will be their

custom. This undoubtedly improves CP Anderson, Fornell, and Rust (1997). This was affirmed by Matzler & Hinterhuber (1998)

Galbreath and Shum (2012) established that where there exists a positive relationship between customer satisfaction (CS) and corporate performance, corporate reputation is also a contribution factor. The underlining fact is that CP will improve when CSR leads to customer satisfaction which subsequently leads to corporate reputation (Arikan et al., 2016). Customer satisfaction as well as firm's performance are key factors of competitive advantage (Gupta, 2002) and Sindhu & Arif, Awang & Jusoff, (2009) concluded that customer satisfaction is more powerful factor since it leads corporate reputation. Gupta (2002) proposed additionally that, organisational reputation also uniquely shows the competitive advantage that differentiates one organization from other competitors. As a result of that, it could be said that competitive advantage could also be a mediating factor between CSR and financial performance (Jain et al., 2017). The conclusion is therefore drawn that CSR, customer satisfaction, organisational reputation and competitive advantage have a positive influence on the firm's performance.

In the realm of even more competitive environment, like we have in this our technologically advanced economy, customer satisfaction plays a vital role where customers belief that the rural banks are truly rendering the necessary services to them. Where banks actually give them their required interest rates, loans and quote deposits accurately. This will actually lead to corporate reputation in the midst of increasing levels of financial fraudulent activities. Undoubtedly, rural banks that are of good reputation will have competitive advantage (CA) over their competitors as customers will recognize them as loyal business partners in the economy.

Hypothesis 2 also stated that customer satisfaction serves as a link between CSR and CP whilst hypothesis 3 stated that corporate reputation mediates the relationship between CSRs and financial performance and hypothesis 4 stated that CA mediates the relationship between CSRs and financial performance. CSR establishes competitive advantage and enhances financial performance (Porter & Kramar, 2002).

As part of business ethics, CSR encompasses four dimensions namely economical, legal, ethical and philanthropic dimensions

Corporate ethics that are built on the theory of stakeholder requires that all stakeholders of the firm must be thought of in pursuing organisational objectives. Emshoff and Freeman, (1978) require that if the firms' objectives and goals favour all its stakeholders, then organisational reputation will be improved whilst enhancing firms' performance.

According to Syed Abdul Rehman et al. (2019), CSR activities including the provision of clean drinking water in the rural areas, many firms' CSR teams visiting different villages for a survey which are likely to be translated into building schools, medical facilities and clinics as well as making monetary donations to the communities in which they operate are stakeholders' goals.

In addition, the findings confirmed that, as a result of corporate social responsibility, firms easily establish customer satisfaction and attract government incentives including low import duties, appreciations and called to join governmental CSR projects. Government financial policies would therefore be favourable if rural banks were heavily indulged in corporate social responsibility activities for the economy.

2.3.3 Performance Measurement Criteria of Rural and Community Banks

The success of every organisation is measured by the proper achievement of the objectives of the organisation duly set and evaluated to be achievable. Objectives

should not be set very low or very high but must be challenging enough to put the organisation into a level of competition. The main objective of rural banks as well as other companies is profitability. Most previous studies exploring determinants of banks performance provide varied conclusions (Owusu-Antwi et al., 2015; Allen et al., 2011; Nair & Fissaha, 2010). Nair & Fissaha (2010), established that the extent of impaired loans in RCBs loan portfolio is often considered the most preferred indication of organisational financial performance.

Financial performance connotes the potential earning capacity of a business as against its expenditure (Sanni, 2009). Return on assets (ROA), discloses the total earnings performance of a firm as well as its efficiency in employing its assets (Appiah et al, 2015). Thus, the ratio measures a firm's earnings before interest and taxes against its total net assets. Accordingly, it is considered as an effective indicator of how firms use their assets to generate earnings before contractual obligations are paid. The profitability ratio identifies how well rural banks are actually able to make intelligent choices on their expenditure on new assets. Here, optimal choice and efficient use of total asset base is expected to increase bank profitability (Ansoff, 1965; Gale, 1972; Mehmet and Eda, 2009). Put simply, return on asset is an indicator of the firms' efficiency and effectiveness to generate profit from asset. The profitability of banks is mostly stated as a function of both internal and external determinants (Williams, 2003). The internal determinants, also called bank specific determinants of profitability, are related to bank management (Kosmidou, 2008). The external variables reconcile the economic and legal environment that affects the operations of banks such as inflation rate, real GDP growth, cocoa prices, oil prices and gold prices (Sanni, 2009; Sufian and Habibullah, 2009).

More to the point, the internal determinants of rural bank profitability according to Appiah et al (2015) include capital adequacy, liquidity, deposit, bank size, and asset quality. The capital adequacy, which is measured by the ratio of equity to total assets, is considered relevant for the capital strength of the organisation. It is expected that when the capital adequacy is high, then the need for external funding is low, leading to higher profitability. The ratio shows the bank's ability to absorb losses and take care of risk exposure with shareholders' funds. The capital adequacy ratio is expected to have a positive relationship with profitability since banks with higher capital status face lower costs of bankruptcy and risks (Hassan and Bashir, 2003; Barathi Kamath, 2007). To explain further, it is generally believed that banks that are well-capitalized encounter lower expected cost of financial suffering and as a result are in a favourable situation to earn much more profits (Trujillo-Ponce, 2013).

Citing from the traditional risk-return hypothesis, rural banks with higher capital adequacy are considered less risky than the low-capitalized banks. Thus, the risk-return hypothesis poses that lower risk is associated with lower profitability, implying a negative association between capital adequacy and performance. The study did hypothesis and concluded that there exists negative association between asset quality and the performance of rural banks since loan officers of rural banks in Ghana follow strict rigorous banking supervision guidelines related to the measurement of asset quality. Specifically, rural banks in Ghana have established an appropriate credit risk environment under the supervision of ARB Apex bank. The appropriate credit environment includes issues such as thorough loan-granting and monitoring procedures. Adherence to these strict procedures reduces the loan loss provisions cost and, in this manner, increases performance.

Liquidity assesses the ability of banks to cater for short-term financial obligations when they fall due. An organisation's liquidity is measured by the ratio of liquid assets to total assets. For this reason, the ratio of bank's advances to deposits is used as a substitution for liquidity. If the ratio is high then the bank is more liquid. Guru et al., (1999) establish that inadequate liquidity is responsible for banks' failure in today's world economy. This notwithstanding, keeping more liquid assets also has an opportunity cost. For instance, keeping highly liquid assets are associated with lower rates of return, thereby reducing income and profitability. Thus, we speculate that holding cash, i. e. asset held without earning interest, is expected to be negatively correlated with performance (Molyneux and Thornton, 1992; Guru et al., 1999). Appiah et al, (2015) hypothesized that liquidity is negatively related to the performance of rural banks and came to conclusion that liquidity has significant positive association with performance of the rural banks in Ghana and therefore Chief Executive Officers of rural banks should be persuaded to commit more liquid assets into investment in order to increase profitability and to also reduce bankruptcy cost. Liquidity management increases rural banks' ability to meet their short-term debts, thereby improving financial performance and possibilities of survival (Mensi, 2010). Deposit of customers of RCBs are the main cost-effective source of credit for lending purposes. Rural and community banks pay little or no interest in the use of customer deposits. The more rural banks are able to transform deposits into loans, the higher the perceived interest margin and profitability of the banks (Anbar and Alper, 2011). If rural banks mobilize more deposit, it would be in the position to offer credit lines to borrowers thereby, increasing their interest income and profitability. In sum, deposits are expected to have positive impact on the performance of rural banks. Appiah et al, (2015) posited that there is a positive link between deposit and performance, implying

that as bank deposit increases, performance increases since rural banks in Ghana are experiencing high deposit performance partly due to attractive and innovative financial products introduced to the market, loan portfolio quality and less competition in the rural banking.

Bank size as an internal determinant of rural bank profitability is the total assets that are owned by the bank. Kosmidou (2008) suggested that there is positive linkage between bank size (assets) and profitability which he attributes to economies of scale enjoyed by banks for their presence in the banking industry. Kosmidou (2008) demonstrates that large banks are more profitable because of the extent to which they are able to raise less costly funds. Smirlock (1985) and Short (1979) also confirmed this suggestion. Gibson (2005), however, argues that due to presence of bureaucracy in the management of banks with large asset holdings, bank size may negatively influence profitability. In a sharp contrast, some cost savings may be made by increasing the banking firm's size, thereby enhancing profitability of banks (Bikker and Hu, 2012; Goddard et al., (2004). A hypothesis was made and concluded that irrespective of the benefits accorded to banks with large asset base, bank size is negatively associated with the performance of rural banks in Ghana. This however contradicts with the position of Kosmidou (2008); Goddard et al. (2004); Bikker and Hu (2012); Smirlock (1985) and Short (1979) who concluded that rural banks are experiencing diseconomies of scale due partly to keen competition from free entry and exit in the banking sector, bureaucracy in management Gibson (2005), dampened public confidence from high bank charges and interest rate on loans, emergence of new financial products and financial innovations in the financial sector. These findings

shed light on the need for rural banks to expand their scope of operations to cover other markets in order to lower inefficiencies to generate profitability.

Asset quality shows the variations in the loan portfolio healthiness and the quality credit of the RCBs. In short, it is an indication of credit risk of RCBs. Credit risk is linked to irrecoverable loans or delay in loans servicing. Credit risk has diminishing and swelling effects on the banks. This if not monitored can turn RCBs into insolvency (Bessis, 2002). The higher the ratio of provision for bad debt to advances, the higher the credit risk and the accumulation of loan and interest unpaid (Ramlall, 2009; Vong, 2005; Sufian and Habibullah, 2009).

Employing, risk-return hypothesis, Gentry (1970) concludes that higher risk ought to be associated with higher profitability, indicating a positive relationship. Asset quality, therefore, shows the changes in portfolio that affect performance adversely (Aydogan, 1990). Poor asset quality has a negative impact on bank profitability by reducing interest income hence increasing operating costs. Therefore, it is expected that the higher the ratio the poorer the quality and therefore the higher the risk of the loan portfolio. They therefore suggested that there is a positive but insignificant association between capital adequacy and performance of the rural banks.

An increase in rural bank capitalisation by Bank of Ghana in conjunction with the ARB Apex bank may not necessarily impact on performance. Nevertheless, theoretically, more capitalisation of rural banks is inevitable to provide a margin of safety against financial distress and insolvency. Our positive association between capital adequacy and performance, however, is not statistically significant. Accordingly, more empirical investigation is welcomed to establish or refute the theoretical expectation of capital adequacy as against performance of rural and community banks in Ghana.

2.3.4 CSR Tasks Undertaken by Rural and Community Banks in Ghana

The pioneering establishment of rural and community banks was purported to render credit to small-scale farmers as well as businesses and supporting developmental projects. It is clearly seen that right from the inception of rural banks, there was a sort of corporate social responsibility ideas accompanying their establishment. In today's world CSR has become much more prominent than in the early years of rural and community banking.

CSR activities are varied and difficult to select among banks. Banks need to take cautious steps to identify and tackle them in the community in order not to get stuck due to the capital-intensive nature of CSR activities and also not to put the major objective of maximizing profit into a jeopardy. Managers of organisations must make careful decisions on CSR that will also enhance the competitive advantage and give competition strength that will keep the business in existence and prospective growth over the foreseeable future. That is, the going concern concept of the business must be adhered to even though the welfare of the community in which the business exist and operate is essential. CSR must therefore be assessed and measured well and must be considered to see if it will be doable.

The objective of evaluation of the organisation's commitment to CSR is an issue that must be critically looked at. The appropriate measurement for CSR must be given enough attention just like a research and development of the firm's intended investment of any nature. It must be measured like any other substantive business activity. The identification and measurement of CSR activities according to Prowess (2013), include a number of variables relating to expenditures on social and community activities as well as environmental-related activities. In his investigation, CSR was measured by the addition of expenditures incurred on staff welfare and

training, donations and other social and community and environmental and pollution control. In India, according to recent studies, those variables were used to calculate CSR expenses (Garg, 2016). Kansal (2011) measured CSR expenses by adding employment welfare and training expenses (EMP) to social and community expenses (SOCL) and environment and pollution control related expenses (ENV). That is, Total CSR = EMP + SOCL + ENV. The employment welfare and training expenses (EMP) relate to the expenses on employees training and welfare. It consists of expenses related to training, recreational facilities, retirement benefits and health benefits.

The social and community expenses have been determined by adding all expenses in relation to community welfare, such as philanthropic tasks, donations to schools and hospitals, sports infrastructure and public parks. Lastly, the environment and pollution control-related expenses are arrived at by adding all expenses cleaning the environment and measures employed to control environmental pollution such as energy efficiency, green infrastructure, reducing emission and environment-friendly initiatives.

2.3.5 The Novel Corona Virus and Corporate Social Responsibility

The study run into the period of the worldwide pandemic, the Novel Corona Virus (Ncovid 19) and gave some attention to the contributions some rural banks made during the season of the pandemic. The full statement of banks who made donations as sourced from the websites of the banks and reportages such as FM and TV stations are stated below:

1. Statement from Bosomtwe Rural Bank on May 8, 2020

The Bosomtwe Rural Bank Limited at Kuntanase in the Bosomtwe district of Ashanti Region has presented Personal Protective Equipment (PPE) and disinfectants to four institutions in its operational territories. The beneficiary institutions include

Kuntanase District Hospital, Bosomtwe District Police Command, Asokwa Police Divisional Command and Suame Police Divisional Command. The donated items were 40 boxes of handwashing soap, 80 packs of tissue paper and 30 boxes of hand-sanitisers among other PPEs. The Chief Executive Officer of Bosomtwe Rural Bank, Mr. Francis Agyei Bekoe who presented the items on behalf of the bank, said the donation forms part of the bank's corporate social responsibilities and it is also to support government's efforts to curb the spread of coronavirus which has so far infected 3,091 persons and claimed 18 lives. According to him, the pandemic has affected economic activities in their operational area, and so there is a need to contribute to government's efforts to curb or control the spread of the virus, hence the support.

Representatives of the beneficiary institutions who received the items on behalf of the various institutions were thankful to the bank for its kind gesture. They further expressed their appreciation for the numerous supports the bank has been giving to them, and further called on other corporate entities to emulate the Bosomtwe Rural Bank example particularly in this abnormal time of COVID-19. Bosomtwe Rural Bank Limited recorded approximately GH¢3.9 million as total share capital as at close of 31st December 2019. The bank has recorded consistent growth in its stated capital since 2015 to date and has been mindful of making a conscious effort to grow its capital. The bank currently operates twelve branches scattered within the Kumasi Metropolis and adjoining districts. They are Kuntanase, Aputuogya, Jachie, Atonsu-Bokro, Atonsu, Agogo and Kokofu. The rest are Afia Kobi Market, Suame Magazine, Edwenase Market, Trede, Ahema-Kokoben and Abuakwa. Bosomtwe Rural Bank Ltd was established in November 1981 and authorized to commence business of banking under the Banking Act 1970 (Act 339) on 9th December, 1982. The share capital of

the rural bank then was GH¢750 which was contributed by 860 shareholders. The BoG contributed an additional GH¢125 of non-voting redeemable preferences shares. The bank has achieved remarkable growth since its establishment.

Source: <https://thebftonline.com/08/05/2020/bosomtwe-rural-bank-supports-4-institutions-to-fight-spread-of-coronavirus/>

2. Toende Rural Bank supports Zebilla District Health Directorate with health equipment. By Atubugri Simon Atule, Upper East Regional Correspondent of Modern Ghana on May 6, 2020

The Toende Rural Bank Limited located in Zebilla in the Bawku West District of the Upper East Region has donated health equipment to the Zebilla District Health Directorate to help combat the Covid-19 pandemic. The items include veronica buckets, nose masks, liquid soap, tissues and hand sanitizers among others. The General Manager of the Bank, Salifu Gande together with Hon Richard Ayabilla Akumbas, Vice Chairman, said the donation was in support of government's effort to help combat the spread of the pandemic which has so far affected 2,719 with 18 deaths. Mr Salifu Gande said the bank in the past years, has supported vulnerable groups and communities through its corporate social responsibility initiatives. He admonished that even though the donation to the beneficiary institution would go a long way to reduce the infections, the enforcement of the President's directives on regular handwashing, sanitizing the hands and social distancing should be strictly adhered to by all. Hon. Richard Ayabilla Akumbas, Vice Chairman of the Toende Rural Bank Limited expressed gratitude to the frontline workers for their selfless dedication towards the fight against Covid-19. Lawal Alhassan, District Director of Health Services thanked the management of the bank for their support and promised to distribute the items to the various health centres across the district. The presentation

ceremony, which was done with less than 20 people in accordance with the President's directives on social distancing was also held at the bank's headquarters in Zebilla on Tuesday, May 5.

Source: <https://www.modernghana.com/news/1000215/toende-rural-bank-supports-zebilla-district-health.html>

ADB Bank Ltd also contributed to social welfare of most especially the less privileged, the poor and some communities.

Source: <https://www.agricbank.com/news/adb-donates-to-institutions-towards-covid-19-fight/>



CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

Chapter three is research methodology. Methodology according to Wikipedia encyclopedia is the systematic and theoretical analysis of the methods applied to a field of study. Typically, it incorporates concepts such as examples, theoretical models, phases as well as quantitative or qualitative techniques. A methodology does not come in to deliver solutions. Methodology offers the theoretical analogy for understanding specific methods or best methods that may be applied to a certain issue. It outlines the research design, research strategy, population, sampling procedures, sources of data and data analysis techniques, validity and reliability of data and ethical considerations.

3.1 Research Design

The study adopted the quantitative method of investigative research (IR) design to gather data on the five rural and community banks in the region. According to Kumekpor (2002), he further defines research design as planning, organizing and implementing social enquiries with the aim to ensuring quality use of time, money and resources. Bryman and Bell (2003) explained that research may be categorized into five designs namely; experimental and related design, case study design, cross-sectional design, comparative design and longitudinal design and its various forms. The cross-sectional design was adopted during the period of research and targeted the rural banks and communities in the Bono East region.

3.2 Research Strategy

The quantitative research strategy was used to help answer the research questions in order to achieve the objectives of the study. Research strategy according to Saunders

et al. (2009) is the overall plan of how the research questions will be answered by the researcher. Remenyi et al., (2003) posited that it is the overall direction and procedure the research takes. This was actually chosen in order to gather enough data necessary for the study. For instance, the data on CSR of the rural banks in the communities, especially in the villages may be acquired through the employment of quantitative method.

3.3 Quantitative Research

Basically, quantitative analyses prescribe numerical trends. Quantitative research involves the analysis of pre-determined theories and comes out with results that can be general or reflected on the actual condition under study (Marshall, 1996). Generally, it is employed in data or information collection from varied and trustworthy sources, which are involving numbers, statistics, tables, graphs and charts. It is normally adopted since it deals with sectional and confined instances into measurable or common classifications that can be applied to all subjects and related situations (Winter, 2000).

3.3.1 The Case Study Approach

Case study approach was adopted in the study. Yin (2009) defines the core elements of case study research in terms of (a) a focus on specific cases, (b) existing in a naturally occurring contexts, (c) which are bounded, (d) which are studied in-depth and (e) by using multiple sources. Case study research makes no attempt to control variables or to artificially construct research scenarios like experiments. Rather, interconnections with real-life contexts are deemed to be highly pertinent (Yin 2009; Yin and Davis, 2007).

3.4 Population

According to Kumekpor (2002), population under study involves the sum of units of scenarios present in the area of study that needs to be assessed. The study was made on the five rural and community banks in the Bono East region. The researcher adopted the Bono East Region because it is one of the newly created regions carved out of the former Brong Ahafo region. The region is one of the regions which suffered heavily the financial crisis caused by DKM Ltd amongst others. In this regard, the region became a point of interest to the researcher to study amongst other things the effect of CSR on CP of the RCBs in the region.

The rural and community banks are Kintampo Rural Bank (KRB) Ltd, Fiagya Rural Bank (FRB) Ltd, Nkoranza Kwabre Rural Bank (NKRB) Ltd, Yapra Rural Bank (YRB) Ltd and Amanten and Kasei Community Bank (AKCB) Ltd. The RCBs have 200 staff members and 20,000 thousand active customers. The Bono East region where the banks are established has a total population of 1,082,520 (bank customers inclusive) people according to the Ghana Statistical Service in 2019 census.

3.4.1 Sampling Techniques

The study is mainly targeted at the rural and community banks and the communities in the Bono East region. In view of this, the employees of the banks and the people living in the municipalities and districts were the targeted respondents. These respondents were targeted since they are the two groups of people that have a direct impact on the study. The aim of the study was to give respondents an equal opportunity of being selected to make responses to questionnaires and interviews carried out in the study. This absolutely was not possible as a result of the huge numbers. Therefore, sampling was made as a representative of the population.

The study therefore adopted the non-probability sampling methods. Non-probability sampling gives unequal opportunity to individuals within the population to of the study. Non-probability approaches including purposive and convenient sampling were adopted.

The sampling frame is a list of all prospective respondents or units in the population from which samples are selected. The respondents of rural and community banks and respondents from the communities were the sampling frame used for the study. The sample frame was used in the conducting of interviews with key employees and to administer questionnaires for the general staff of the banks and community members including customers of the bank. This sample frame chosen was a very good representative of the population of all rural and community banks as well as the communities in the Bono East region. The researcher saw that it would also help to achieve the research objectives with this sample frame.

3.4.2 Sampling Procedures

The number of rural and community banks' employees who were given questionnaire to answer were selected by the employment of both convenience sampling and purposive sampling methods. Similarly, the same two methods were used to help administer questionnaires for community members which include customers of the banks in the eleven (11) districts/municipalities in the region. Convenience sampling is where the respondents of a particular feature are given an equal chance of being included or excluded in the study. Purposive sampling is where the researcher deliberately decides who to include or exclude in a study. The two methods were used in order to include some key personnel such as the General Manager (GM), Credit Officer (CO), Operations Manager (OM)/Accountant (AC) and Human Resource Manager (HR) of the rural banks amongst other employees. Community members

including bank-customers were to provide salient information on CSR from their perspective.

3.4.3 Sampling Size

The study was conducted on all five rural banks of the region. The sample size calculator by the Creative Research Systems Survey Software used in empirical studies was adopted to calculate the number of rural banks staff to be used. This calculator was used since it determines how many people are needed in a study in order to achieve results that correspond to the target population as exactly as needed. It can also be used to find the level of precision in an existing sample. The study estimated a confidence level of 95% and a confident margin (margin of error) of 5% in order to calculate for the number of respondents. The sample selection adopted for the study as calculated by the sample size calculator was 132 bank staff members and 322 community members including bank customers.

3.5 Data Collection Methods

Questionnaires were the major data collection method adopted for the study. The study administered two types of questionnaires to the staff of the bank and also to the community members including those who are customers of the bank. Structured interviews were also conducted with key staff of the banks and their responses were used to answer their questionnaires.

3.5.1 Questionnaire

Questionnaires are set of questions for collecting relevant data or information from individual respondents. Questionnaires could be either close-ended and open-ended questions or both. Close-ended questionnaires include predetermined questions or options which individual respondents can choose from. Open-ended questionnaires

enable individual respondents to express themselves and give their sentiments in answering the questions.

Mostly, questionnaires are utilized when the researcher is unable to have access to the required information from already existing data sources or surveys. Similarly, primary data collection is necessary when there is non-existent secondary data or information (Snijkers, 2002). According to Brancato et al., (2006), data collection is the period when questionnaire is mainly used to collect data on the field. It involves questions set for the respondents where you monitor and evaluate the data as it is being collected. The study adopted close-ended and open-ended questionnaires to collect data.

3.5.2 Interview

The study adopted the structured interview to collect data necessary for the study from the key staff of the rural and community banks. The responses from the interview were used to answer their questionnaires. An interview is defined as an attentive conversation between two or more persons (Kahn and Cannel, 1957). Saunders et al. (2009) stated that, interviews can be generally put into structured interviews, semi-structured interview and unstructured interview. Structured interviews may be defined as the use of standardized questions by the interviewer to retrieve responses from the interviewee. Semi-structured interviews, uses a lined-up of questions as a guide the interview but the interview process is not limited to the questions lined up. Unstructured interview is an informal conversation that goes on between the interviewer and the interviewee in which the interviewer determines the direction and style of the conversation. Interviews however enables the researcher to enquire more into and makes follow-ups of questionnaire, McNamara (1999).

3.6 Sources of Data

The study used data collected from primary and secondary sources. This made it possible to compare and validate the data where there existed some level of inconsistencies and differences.

3.6.1 Primary Data

Primary data is data collected in a study from first-hand sources. Primary data collection methods include surveys, interviews, questionnaires or experiments. It is collected with the study in mind, and directly from primary sources. Both open-ended and close-ended questionnaires were used to deduce data from community members. Again, interviews and questionnaires were also used to collect first-hand data from the respondents of the banks. The data collected from the primary sources were however fresh and unprocessed.

3.6.2 Secondary Data

Secondary data on the other hand, is an already existing data collected through primary sources and kept for researchers to use for their own research. These may be both published and unpublished articles, thesis, magazines, journals and publications from individual scholars and prominent institutional bodies that have researched on the subjects of corporate performance and corporate social responsibility. Annual and interim reports of RCBs as well as website platforms were also sourced for the study.

3.7 Data Analysis Techniques

Kumar (2011) posited that the choice of data analysis in a research is dependent on how data was gathered and how it will be used. The questionnaires when checked to know whether they were completed by respondents were further processed because data being raw has no meaning. Data gathered were analyzed using statistical techniques. The statistical techniques employed in the analysis of data was the

descriptive statistics such as Pearson's Chi-Square Test with the help of Statistical Package for Social Sciences (SPSS). Frequency tables, percentages, charts and graphs were appropriately used to analyze and interpret data in the study.

3.8 Validity and Reliability of Data

Interviews and questionnaires schedules were particularly administered to the key staff of rural banks in the region. Validity of data is concerned with the average scope and adequacy of the data and information obtained for the study. The tool utilized in this study is accorded face validity. Face validity of the tool means it is accepted by experts without further certification. The questionnaire structured or designed for this study has face validity, since it was carefully analyzed and approved by the supervisor of this research. Joppe (2004) explains reliability to be the extent to which outcomes are uniform over time and a precise representation of the entire population under study. Reliability on the other hand denotes the consistency with which a tool measures whatever values it measures. The researcher is interested in seeing how precisely the measuring instrument is evaluated in the trait of his interest. The tool is considered dependable by the researcher because it offers solutions to the research questions. Joppe (2004) postulates that validity decides whether the research actually measures that which it is planned to measure or how the results of research are truthful. The validity of the questionnaire was established by the researcher and the items were reviewed by the supervisor.

3.9 Ethical Considerations

This study was successful since the key ethical issues in social science research were not left out. The research topic was accepted and approved by the supervisor as a researchable topic and free from harming the respondents, but of great benefit to them. The research also pledges an unqualified confidentiality and consent of the

respondents by providing introductory information to the respondents to make an informed decision as to whether they will participate or not. The respondents were given the right to reserve any information that they saw as personal and private.

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CHAPTER FOUR

RESULTS AND DISCUSSIONS

4.0 Introduction

Chapter four presents the analyses of data collected from the questionnaires administered and interviews made with key staff of the RCBs. The key staff include General Managers (GMs) and Operations Managers (OMs)/Accountants (ACs) of the rural banks. It also provides discussions on the results obtained from questionnaires administered for community members including rural banks customers. The chapter provides a brief profile of the respondents. An analysis of CSR activities undertaken by the rural banks in the region as well as the rural banks performances as a result of CSR over the past ten years. The chapter goes on to assess the benefits and challenges faced by the rural banks in CSR activities communication and presents discussions of these findings appropriately.

4.1 Brief Profile of the Respondents in the Study

The researcher mostly interviewed two officials since they were officially and directly responsible for the undertaken of corporate social responsibility carried under the supervision of the operations department. Their interviewed responses were converted to fill questionnaires for them. These respondents are the Operations Manager/Accountant and the General manager.

The Operations Manager (OM) is actually responsible for CSR in the rural banks. Four of them are males and a female making a percentage of males to females of 80% and 20% respectively. The qualifications of the Operations Managers range from HND to First degree certificates. HND holders are 2 (20%) whilst 8 (80%) are First degree holders. Working experiences with the banks are between 6-20 years with their

ages between 35 and 56 years old. The number of years worked as Operations Managers currently ranges from 5 to 10 years.

The General Manager in the case of the five banks are males and between 40-57 years old. The General Manager is the one who certifies the CSR before it is approved by the Board of Directors of the rural banks after they have been considered by the Operations Manager. The qualifications of the General Managers range from First degrees to Master's degree in Human Resources, Management, Accounting and Finance. They have worked with the banks for a period of between 10-35 years now. Their positions as General Managers have been held for between 4-12 years. Meanwhile, the introduction of the new Banking Act has now limited the tenure of office for the General Manager of rural banks to a maximum of 8 years (i. e. 2 terms of 4 years per term). To defeat this directive, many rural and community banks are opting for a contract base appointment of their General Managers in order to keep competent GMs for more years.

The other staff of the rural banks besides the General Managers and the Operations Managers were given questionnaires to answer. According to their responses about 63% of this group of staff are Mobile Bankers who hold SSSCE/WASSCE. The ages of Mobile Bankers range from 18-40 years. The remaining 37% hold HND and Degree certificates and work at the bank premises as Branch Managers, Operations Managers/Accountants, Secretaries Human Resource Managers, Credit Officers, IT Officers and Tellers. The group of staff here are of the ages between 23 and 58 years. Customers of the bank and other community members were also given questionnaires to be administered that were used in the study. The proportion of customers to non-customers community members was 100 (31%) customers as against 222 (69%) non-customers community members.

4.2. Communication Processes of CSR in the Rural Banks of Bono East

In order to achieve the aims and objectives of the study, the researcher enquired of how CSR communication is carried out by the banks. One of the respondents interviewed gave a description of how the bank communicates CSR and below is his response: “Communication is the process of transmitting information from the sender through a channel to the receiver. CSR is officially communicated at the bank to the General Manager through the Bank Secretary and the Operations Manager. Here correspondences of CSR that are requested by the community are first received by the Secretary, forwarded to the Operations Manager and finally to the General Manager for certification. This process however differs where the CSR is from the bank. Thus, the General Manger proposes a CSR, if approved by the Board of Governors and communicates to the Operations Manager, who then through the Secretary gets to the beneficiary community as well as the general public informed of a CSR”.

(Interviewed Respondent, Operations Manager, Fiagya Rural Bank, Monday, June 8, 2020)

Another respondent also stated in addition that, “CSR communication must be effectively and efficiently made in order to make it a successful venture of the bank. In order to achieve effectiveness and efficiency, the internal and external channels of communication are to be given the necessary attention. Poor communication of CSR weakens the corporate reputation of the bank. Irrespective of how much or how well you undertake any CSR, if the communication processes are not effective, the people will not recognize it”.

(Interviewed Respondent: The General Manager, Nkoranza Kwabre Rural Bank Ltd, June 8, 2020)

Elaborating on the channels of communication the bank adopts to communicate its CSR, the responses gathered from the GM of Amanten and Kasei Community Bank Ltd pointed out that communication of CSR in the banks uses both internal channels and external channels. The forms of communication could also be written, or oral. Internal channels of communicating information within the bank and its agencies, Board of Directors and shareholders include memos, written reports, corporate emails and local area networks, letters, notice boards, face-to-face communication, and WhatsApp. The external channels however, include webpages, newspapers, bill boards, advertisement, radio and television.

4.3 Types of Corporate Social Responsibility of the Rural Banks in the Bono East

Gathering responses on the types of CSR in the rural and community banks, the respondents indicated that carrying out CSR is ethical for the banks. Citing from respondents to that regard, CSR in rural banks centres on agriculture, education, health, disaster response (E.g., NCovid 19) and other community development activities. According to the responses gathered the staff of the banks during the study, 34.8% of CSR is made on education, and only 3.8% on disaster response. The types of CSR as stated by the respondents and their respective percentages when considering the entire CSR, are illustrated in the table below:

Table 4.3: Types of Corporate Social Responsibility of RCBs in the Bono East

CSR Activities	Frequency	Percent	Valid Percent	Cumulative Percent
Education	46	34.8	34.8	34.8
Health	27	20.5	20.5	55.3
Agriculture	15	11.4	11.4	66.7
Disaster Response	5	3.8	3.8	70.5
Other Community Development	39	29.5	29.5	100.0
Total	132	100.0	100.0	

Source: Field Data, 2020

According to Table 4.5 above, the rural banks commit the largest part of CSR to support the education sector in the region. The health sector commitment is 20.5% whilst 29.5% is committed to other community development activities. Only 3.8% is committed to disaster response. The implication is that education and health of community members are considered very important to the RCBs and they are willing to help raise the standard of education and improve the health status in the region amidst the challenges. They are of high priority to the management of the RCBs. This confirms the perceptions of the key personnel of CSR of the RCBs of improving education and health.

4.3.1 Corporate Social Responsibility of the Rural Banks in Education

The study assessed the rural banks that focus their CSR activities on education sector of the communities. The result of this assessment is depicted in the table below according to the responses made from respondents of the study through questionnaires and also data sourced from the banks' websites and financial statements. In an interview with the manager of the Nkoranza Kwabre Rural Bank Ltd, he said that: "The bank has a special package called "School Feeding Loans" which is a loan given to the people who execute the Government School Feeding Program as a pre-financing to the contractors. The contractors make repayments of these loans to the bank only when they receive their feeding grants from the Government. This package has existed in the bank since the inception of the Government School Feeding Program. We have also assisted the education sector through various ways such as provision of books and desks to Akuma SDA Basic School and honouring invitations to schools' functions carried out such as Anniversaries. We also make cash and items donations to brilliant but needy students in the Senior High Schools in Nkoranza Municipality".

Again, the following CSR activities were stated to have been carried out to improve education by some banks according to their websites.

According to the Accountant of Yapra Rural Bank Ltd who is also known as the Operations Manager, the following statement was made: “Following a request from the school, the bank donated a cash amount of One Thousand Ghana Cedis (GH¢1,000.00) to aid in the construction of a pavilion for the Yeji JHS. As part of the bank's CSR commitments for 2018, a canon printer and photocopier and stabilizer were donated to the new midwifery training school in Yeji in Brong Ahafo to aid in their academic and administrative functions. Again, as part of the bank's CSR in the year 2016, a brand-new computer and accessories were donated to the Sene East District Directorate of Education of the Ghana Education Service at Kajaji. As part of the bank's 2016 CSR, a brand-new computer and accessories was donated to the Pru District Directorate of Education of the Ghana Education Service at Yeji. The items were presented on behalf of the bank by the General Manager and the Yeji Agency Branch Manager.

Also, as part the bank's corporate social responsibility for 2016, a brand-new refrigerator was donated to the Atebubu-Amantin District Directorate of Education of the Ghana Education Service at Atebubu. The item was presented by the General Manager and supported by the Credit Manager, the Internal Auditor and the Atebubu Branch Manager. The District Director of Education received the refrigerator on behalf of the Directorate.

Kintampo Rural Bank Ltd provided Science equipment, contributed to the building of the administration block and provided building materials such as iron rods, cement, roofing sheets, gravels for the construction of Girls Dormitory block in Kintampo SHS. Building of girls’ dormitory and provision of students’ beds were made for Jema

SHS. They also provided school bags, school uniforms and stationery items to needy but brilliant students of both first and second cycle institutions within Kintampo municipality, and awarded scholarships to needy but brilliant students of both first and second cycle institutions within Kintampo municipality.

The General Manager of the Amanten and Kasei Community Bank Ltd, indicated that the bank as part of their community social responsibility (CSR) in the year 2019 purchased a transformer for the Amanten Senior High School, constructed mechanized boreholes for some schools including Ejura Anglican SHS, Atebubu SHS and Yeji SHS. Even though most of the banks are greatly supporting education in the form of CSR, not all of them commit much resources in support of education.

The table below has the results of rural banks' contributions to the communities in the Bono East in the education sector. The table below shows in ratings of the CSR in the education sector by the rural banks based on the responses from the bank staff questionnaire in the study.

Table 4.3.1 Corporate Social Responsibility of the Rural Banks in Education

Responses		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very High	33	25.0	25.0	25.0
	High	66	50.0	50.0	75.0
	Low	33	25.0	25.0	100.0
	Total	132	100.0	100.0	

Source: Field Data, 2020

From the Table 4.5.1 above, rural banks who consider CSR towards education very high and high are 25% and 50% respectively making a total of 75%. This confirms the reality that the rural banks commitment to education in the form of CSR is greater than other sectors. Only 25% do not prioritize education over other sectors in terms of CSR projects and this will really enhance education in the region if it continues.

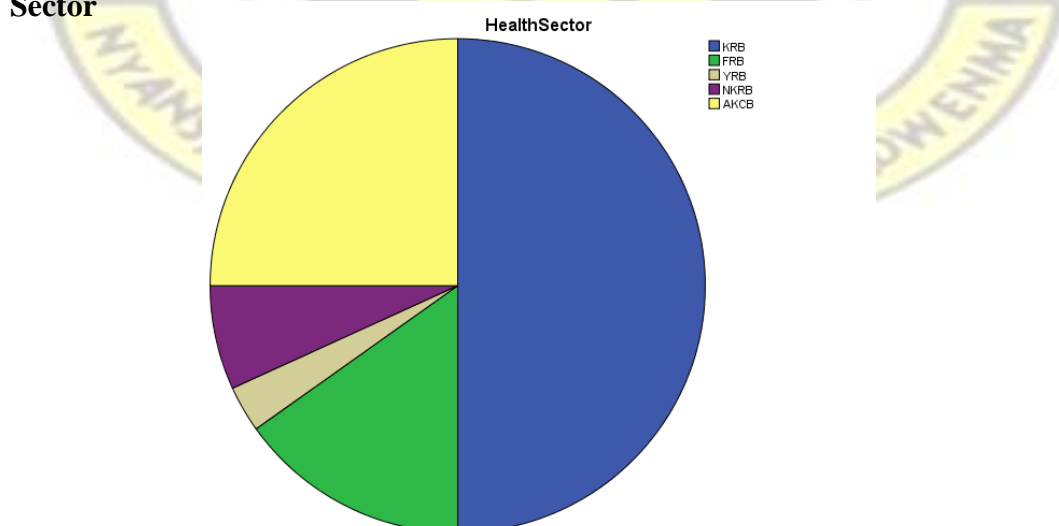
4.3.2 Corporate Social Responsibility of the Rural Banks in the Health Sector

Some benefits have been received from the rural banks in the region in the health sector. Some communities beyond the region however benefited from CSR from some of the rural banks. For instance, Kintampo Rural Bank Ltd fenced Kintampo Municipal Hospital, provided colorimeter to the hospital for laboratory test and provided mosquito nets and wire mesh for the same hospital. They also donated to the Ghana Heart Foundation, a cardiothoracic centre at the Korlebu Teaching Hospital, Accra. The diagram below however, portrays how far each of the rural banks have contributed and impacted on the health sector from the responses of the staff members of the banks.

Table 4.3.2: Corporate Social Responsibility of the Rural Banks in the Health Sector

CSR in the Health Sector		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	KRB	66	50.0	50.0	50.0
	FRB	20	15.2	15.2	65.2
	YRB	4	3.0	3.0	68.2
	NKRB	9	6.8	6.8	75.0
	AKCB	33	25.0	25.0	100.0
	Total	132	100.0	100.0	

Figure 4.3.2: Corporate Social Responsibility of the Rural Banks in the Health Sector



Source: Field Data, 2020

According to the figure 4.3.2 above, KRB has made 50% contribution to the health sector of the Bono East. AKRB follows at 25% whilst YRB made the least contribution in the health sector at 3%.

4.3.3 Corporate Social Responsibility of the Rural Banks in Agriculture

In the area of agriculture, many communities have benefited from the rural banks. Fiagya Rural Bank Ltd from the responses of the bank's staff has been periodically making bee hives for the bee farm keepers in some communities. Such communities include Aworopataa, Ofuman, Tanoboase all in the Techiman North District. All the rural banks in every year are called by the Ministry of Food and Agriculture (MOFA) to be co-sponsors of the National Farmers Day Celebration. The rural banks either sponsor in the district level Farmers Day Celebration or the national level depending on the itinerary of the MOFA for the year. In the 2020 National Farmers Day Celebration which was held in the Bono East Capital, Techiman, on the November 6, 2020, the rural banks in the region were called by the MOFA to be co-sponsors of which they honoured.

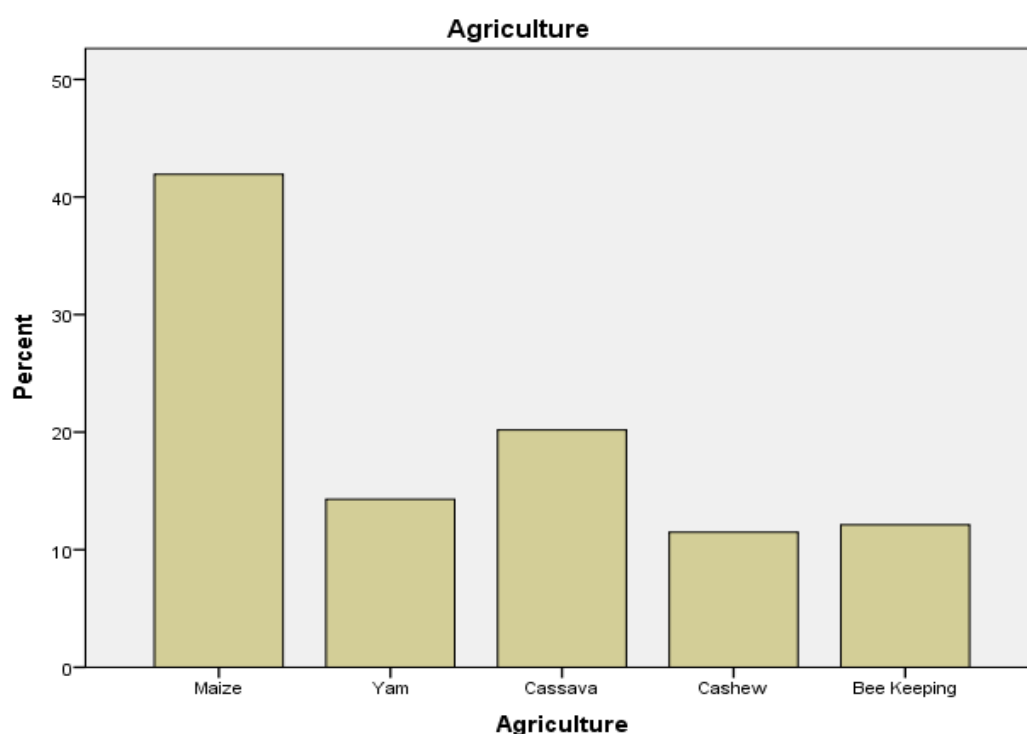
The study however, saw that agriculture is dominant in most of the communities in the bono East and found out that all the rural banks commit some resources to the sector. On the basis of the questionnaires administered during the study, the researcher found out that substantial amounts have been contributed to the development of this sector since most of the communities in the Bono East are farming communities. From the responses of the 322 bank customers and community members CSR from their perspective from the rural banks enables them improve the agriculture sector. According to the respondents from the community they have been able to improve bee farming, maize farming, yam farming, cassava plantation and cashew farming with the assistance the rural banks have offered to them in the form

of CSR over the past ten years. Data gathered from questionnaires from the community respondents have been analyzed in the bar chart below.

Table 4.3.3: Corporate Social Responsibility of the Rural Banks in Agriculture

CSR in Agriculture	Frequency	Percent	Valid Percent	Cumulative Percent
Maize	135	41.9	41.9	41.9
Yam	46	14.3	14.3	56.2
Cassava	65	20.2	20.2	76.4
Cashew	37	11.5	11.5	87.9
Bee Keeping	39	12.1	12.1	100.0
Total	322	100.0	100.0	

Figure 4.3.3: Corporate Social Responsibility of the Rural Banks in Agriculture



Source: Field Data, 2020

According to Figure 4.3.3, maize farming received the highest improvement of 41.9% through CSR from the rural banks whilst cashew is the lowest at 11.5%. Cassava plantation is next to maize at 20.2% whilst yam farming improved at 14.3%. Bee farming has received improvement at a rate of 12.1%. This supports the evidence that maize is supplied most in the Bono East Region.

4.3.4 CSR of the rural Banks and Disaster Response

Disasters take many forms from flooding, through fire outbreaks to rainstorms among others. The study however concentrated on the disaster that hit the entire world including the Bono East of Ghana. With reference to that, the major disaster response that was considered which also emerged during the period of the research is the worldwide pandemic Novel Corona Virus (NCovid 19) popularly called Corona Virus among others such as assisting people who have been made homeless by fire outbreaks, rainstorms and floods. On June 8, 2020, the news website of Nsemkeka reported on the website “nsemkeka.com” news on the contributions the rural and community banks in Ghana have made towards the fight of Corona Virus. The Association of rural Banks reported as follows:

The Executive Council of the Association of Rural Banks, Ghana, has registered its appreciation and commended all the rural banks which have so far supported government in the fight against spread of coronavirus. The total amount involved in this support is approximately Four Hundred Thousand Ghana Cedis (GH¢400,000.00) which went into the purchase of Personal Protection Equipment (PPE). Quite a number of health facilities and vulnerable institutions in almost all regions of the country have so far benefitted from this support. This is so because there are one hundred and forty-four rural banks in Ghana with approximately eight hundred branches making it possible for a lot of the communities to benefit from this support. The items are mainly disposable gloves, nose masks, hospital mattresses and tissue paper. Other items include disposable masks, infrared thermometers, Veronica buckets with stands and hand sanitizers. Business & Financial Times can confirm that about seventy percent of the rural banks in Ghana have donated various items to support the fight against COVID 19. First to pave the way, being the pace-setter of the

industry, was Atwima Kwanwoma Rural Bank in the Ashanti Region; followed by Amenfiman Rural Bank in the Western Region, South Akim in the Eastern Region, and Anlo Rural Bank in the Volta Region. Other rural banks include Nsoatreman Rural Bank in the Bono Region; Gomoa Rural Bank in Central Region; Agona Rural Bank in the Central Region; Lawra Area Rural Bank in the Upper West Region; Bosomtwe Rural Bank in the Ashanti Region; BESSFA Rural Bank in the Upper East Region; AwutuEmasa Rural Bank in the Central Region; Suma Rural Bank, Bono Region; and Sekyere Rural Bank in the Ashanti Region. The rest are Yapra Rural Bank in the Bono East Region; Enyan Denkyira Rural Bank in the Central Region; Otuasekan Rural Bank in the Ashanti Region; Kaaseman Rural Bank in the Western North Region; Odotobri Rural Bank in Ashanti Region; Nkoranza Kwabre Rural Bank in the Bono East Region; Adansi Rural Bank in Ashanti Region; Amansie West Rural Bank in Ashanti; Nkoranman Rural Bank in the Bono Region; and Nandom Rural Bank in the Upper West Region. The National President of the Association of Rural Banks, Ghana, Daniel Ohene Owusu, in an interview told Business & Financial Times that the pandemic which has sent shivers down the spines of many across the world and claimed many lives has equally affected economic activities in the operational territories of rural banks in Ghana, and there is a need to contribute in government's efforts to curb or control spread of the virus. Mr. Ohene Owusu believes the support will also help reinforce the message that the Health Ministry and World Health Organisation have been stressing, which is the importance of washing hands under running water as well as applying hand sanitizers among other precautionary measures. Rural Banks in Ghana believe in supporting the communities in which they operate through their corporate social responsibility activities, and we spend about Two Million Ghana Cedis (GH¢2million) annually with our community

support in many ways. We have built educational facilities, provided potable water, offered scholarships to brilliant but needy pupils, provided security to the people by building a police station in the Ashanti Region, and offered employment to over one million indigenes in the communities where we operate so we understand these things better, he emphasized. By this, Mr. Ohene Owusu further appealed for government to be very considerate and flexible with their tax obligations, since rural banks' survival in the rural areas will bring a lot of development to the communities in which they operate. He thanked government through the Bank of Ghana for paying back a chunk of their investments which were locked up with financial institutions that were regulated by the Bank of Ghana (BoG).

Mr. Ohene Owusu has however made a passionate appeal to government through the Securities and Exchange Commission that oversees the activities of fund managers to speed-up the process to pay back the investment of some rural banks which have been affected in the financial clean-up exercise, as this will beef-up their liquidity and eventually enhance their profitability to continue supporting their communities”.

Source: <https://nsemkeka.com/arb-commends-rcbs-for-supporting-govt-to-fight-the-spread-of-covid-19/>

In an interview with the Accountant of the Yapra Rural Bank Ltd.in the Bono East Region concerning their CSR in relation to the Corona Virus, he stated categorically that “irrespective of the fact that the pandemic has affected business of the bank badly, among other CSR activities, we donated Veronica buckets, hand sanitizers, tissue roles, liquid soap to the Pru West District of Ghana Health Service for distribution to the health facilities within the district as our contribution towards the control and fight against the COVID 19 Pandemic”.

The Amanten and Kasei Community Bank Limited, headquartered at Amanten in the Bono East Region, has supported the national fight against spread of coronavirus in the country by donating assorted items to deprived health facilities in its catchment area. The items donated by the bank are ten Veronica buckets, ten boxes of alcohol-based hand sanitizer (237ml), 18 packs (50 each) of nose masks, ten boxes of Lifebuoy soap and 32 packs (100 pieces each) of latex medical examination gloves. The items' cost is estimated at GH¢10,000.00. The General Manager of the bank, Michael Wilberforce Osae, said the donation is part of the institution's yearly corporate social responsibility; indicating that this particular initiative is targeted at supporting the national agenda to stop spread of the virus in the country. Six deprived health facilities in operational areas of the bank will benefit from the donation, he added. He pointed out that the alarming impact of COVID-19 on the country's socio-economic development should stimulate all to join forces to defeat the pandemic in the country, hence the support.

As of May 1, the total number of confirmed cases stood at 2,169 with 229 recoveries and 18 dead (Ghana Health Service). The General Manager emphasized that as long as the country continues to fight against the pandemic, the bank will rally behind the state with needed support to win the battle. He advised the public to religiously adhere to all the preventive measures to help contain horizontal spread of the virus. To protect staff and customers of the bank.

Mr. Osae said precautionary measures have been implemented across its seven branches in Bono East and Ashanti Regions, explaining that staff have been equipped with the requisite personal protective equipment (PPE). Customers, on the other hand, are mandated to wear a nose mask before entry. He recounted that the bank has over the years been committed and consistent with CSR to cushion the national

development agenda. Last year, the bank donated a generator valued at GH¢4,000.00 to the Amanten Health Centre to serve as source of electricity backup for the facility. A Senior Midwife at the Amanten Health Centre, Mercy Osei who received the items on behalf of the beneficiary facilities, applauded the bank for its kind support, adding that it will go a long way to help in the fight against Covid 19. She said rural health facilities are the worst affected by insufficient distribution of medical supplies and PPE in the country. Ms. Osei therefore made a passionate appeal for corporate Ghana and benevolent individuals to go to the aid of rural health facilities in this abnormal time.

Source: <https://thebftonline.com/08/05/2020/amantin-kasei-community-bank-supports-deprived-health-facilities-to-combat-covid-19/>

According to the General Manager of Nkoranza Kwabre Rural Bank Ltd, Veronica buckets, hand sanitizers, soaps and other cleaning materials were sent to Tuobodom, the Techiman North district capital and Nkwabeng, a town in the Nkoranza South municipality. The total amount spent on these items donated amounted to Five Thousand Ghana Cedis (GhC5,000.00) during the month of May, 2020. The study also found out that even though CSR activities are normally captured in the budgeted statements of the rural banks, the disaster response activities are not captured in the banks' budget. Despite various efforts made by the banks to help fight the spread of the worldwide corona virus it was realized that they were not budgeted for in the banks' budgeted statements. The table presented below however, shows the budget statuses of the CSR activities by the rural banks.

Table 4.3.4: CSR of the Rural banks and Disaster Response**CSR * Budgeted CSR Crosstabulation**

	Budgeted CSR				Total
	Education	Health	Agriculture	Other Development	
Education	0	0	9	37	46
Health	0	7	20	0	27
CSR Agriculture	0	15	0	0	15
Disaster Response	0	5	0	0	5
Other Development	35	4	0	0	39
Total	35	31	29	37	132

Source: Field Study, 2020

From the figure 4.5.4, it is evidenced that rural banks in the Bono East Region fail to capture in their annual budgets the disaster response. Even though education, health, agriculture and other community development activities are catered for in the budgeted statements. They however meet the disasters as and when they happen and the proportion of disaster response is the smallest as compared to other CSRs. This could be partly due to its absence in the budget.

4.3.5 CSR of Rural Banks in Other Community Development.

The study classified other community development as all activities of CSR outside those relating to health, education, agriculture and disaster response. To cite some instances, KRB tarred half kilometer of Kintampo-Ntankoro road. KRB also made series of donations to Kintampo United Football Club, Police Endowment Fund, Anti-Bushfire Campaigns, traditional festivals etc. some waste bins were bought for Kintampo Municipal Assembly and Central Gonja District Assembly.

Again, from the respondents, FRB in collaboration with the ‘Rotary Club’ have been jointly doing developmental projects such as building of Police Station at the headquarters, Busunya, purchasing of building materials and computers and

accessories for the Nkoranza Police Station. They have also jointly constructed toilet facilities for communities such as Pamdu, Fiaso, Tanoboase, Jema, Busunya and a suburb of Techiman called Site all in the Bono East Region. Group loans are also granted to customers who are also market women, and store owners on flexible repayment methods to enable them expand their businesses all in the name of CSR. According to the respondents, mostly during festivities, indoor and outdoor sporting activities have been organized for the participation of both bank staff and the community members. Sometimes, small awards or prizes are given to the winners in these games. To him, all these form part of CSR activities of the bank. It was clearly revealed by the respondents that services rendered and products offered as CSR by the bank bring some improvements in the lives of customers as well as job opportunities created by the rural banks are all part of CSR since they benefit the society apart from the benefits the banks achieve through performance of these activities. With these the respondents explained further that, if those community members were not offered employment and not rendered some financial services, such members could become gangsters or idle or immigrants of the big cities in the community. Highlighting on this, corporate social duty, respondents said this will improve the quality of life of the poor by extending and developing access to basic financial services. From the responses from the community members including bank customers, the researcher was able to group the other community development type of CSR into four categories namely financial, security, general welfare and recreational activities. Community members responses analysis is made thus:

Table 4.3.5: CSR of Rural Banks in Other Community Development.

	Frequency	Percent	Valid Percent	Cumulative Percent
Financial	51	15.8	15.8	15.8
Security	67	20.8	20.8	36.6
Valid General Welfare	184	57.1	57.1	93.8
Recreational	20	6.2	6.2	100.0
Total	322	100.0	100.0	

Source: Field Data, 2020

The table 4.3.5 above depicts a general welfare of 57.1% showing more than half of the entire other community development. Recreational activity is the smallest amongst them at 6.2%. This may imply that, the well-being and social development of members of the society is in the interest of RCBs in the Bono East as posited by various previous studies.

4.4 Customer Satisfaction and Corporate Social Responsibility

As already stated, banks including community and rural banks operate in communities in the Ghanaian economy. Rural banks have their preferences to make when it comes to the issues of corporate social responsibility. These preferences may or not meet up with those of the community members. The researcher therefore enquired into the preferences of the community members including customers of the bank to see if their preferences align with those of the rural banks. The community members gave their responses in relation to the types of CSR pursued by the banks that they as customers and community members who are not customers also believe and agree to. The responses gathered are presented using the Pearson's Chi-square tests as shown below.

Figure 4.4 Customer Satisfaction and Corporate Social Responsibility

From the table below there is a direct relationship between customer satisfaction and CSR in education, health, agriculture, disaster response and other development of

39.3%, 23.1%, 6%, 2.6% and 29.1% respectively. There is a strong and positive relation between customer satisfaction and CSR. This is a confirmation of the positions of Anderson & Sullivan (1993) and (Saeidi et al., 2015). This is confirmed by the Asymptotic Significance of Pearson's chi-square test of 0.000. The 0.000 is below the significance category of Asymptotic Significance of Pearson's chi-square test of 0.005 and below. The positivity relation between CSR and customer satisfaction means that RCBs reputation in the region can be guaranteed when they keep on pursuing and extending various CSR activities. This may be further explained that even in the midst of fraudulent financial activities of RCBs and other financial institutions like the savings and loans companies, the RCBs will be patronized when they commit significant resources to CSR activities that will mostly benefit their current customers. This will increase repeated transactions with customers and increase potential customers in the communities.



Table 4.4: Customer Satisfaction and Corporate Social Responsibility
CSR * Customer satisfaction (CSR CS) Crosstabulation

		Customer Satisfaction		Total
		Yes	No	
CSR	Count	46	0	46
	Educa % within CSR	100.0%	0.0%	100.0%
	tion % within Customer Satisfaction	39.3%	0.0%	34.8%
	% of Total	34.8%	0.0%	34.8%
	Count	27	0	27
	Healt % within CSR	100.0%	0.0%	100.0%
	h % within Customer Satisfaction	23.1%	0.0%	20.5%
	% of Total	20.5%	0.0%	20.5%
	Count	7	8	15
	Agric % within CSR	46.7%	53.3%	100.0%
	ultur % within Customer Satisfaction	6.0%	53.3%	11.4%
	e % of Total	5.3%	6.1%	11.4%
	Count	3	2	5
	Disas % within CSR	60.0%	40.0%	100.0%
	ter % within Customer Satisfaction	2.6%	13.3%	3.8%
	Resp % of Total	2.3%	1.5%	3.8%
	onse % of Total	2.3%	1.5%	3.8%
	Count	34	5	39
	Other % within CSR	87.2%	12.8%	100.0%
	Com % within Customer Satisfaction	29.1%	33.3%	29.5%
	munit % of Total	25.8%	3.8%	29.5%
	y % of Total	25.8%	3.8%	29.5%
	Devt. % of Total	25.8%	3.8%	29.5%
Total	Count	117	15	132
	% within CSR	88.6%	11.4%	100.0%
	% within Customer Satisfaction	100.0%	100.0%	100.0%
	% of Total	88.6%	11.4%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	39.744 ^a	4	.000

Source: Field Data, 2020

4.5 The Effect of Corporate Social Responsibility on Rural Banks Performance in the Bono East Region of Ghana

In order to assess the effect of CSR on CP, the study analyzed the relationship between CSR and CP over the number of years CSR has been carried out and also CSR and CP with particular reference to the types of CSR activities engaged with the help of the Pearson's Chi-Square Test.

4.5.1 The Relationship Between CSR and CP considering the Years of CSR

The study analyzed the responses obtained from the staff of the rural and community banks on the number of years CSR has been carried out and how the length of years of CSR has related to the corporate performance of the rural and community banks. The results are presented in the table below.

Table 4.5.1 below depicts that there is 100% positive relationship between the number of years CSR has been carried out in the communities and the corporate performance of the rural banks. The responses show that the more years rural banks continue to undertake CSR the higher the performance of the rural banks. So, 1-3 years of CSR resulted in 9.2% of CP, 4-6 years of CSR increased performance to 13.4%, 7-9 years of CSR gave 26.9% of CP and CP increased to 50.4% when CSR is carried out from 10 years and above. This is supported by an Asymptotic significance of Pearson's Chi-square test of 0.001.

Table 4.5.1: The Relationship Between CSR and CP Considering the Years of CSR

Years of CSR * CP Crosstabulation

			Corporate Performance		Total
			Yes	No	
Years of CSR	1-3 years	Count	11	0	11
		% within Years of CSR	100.0%	0.0%	100.0%
		% within CP	9.2%	0.0%	8.3%
	4-6 years	% of Total	8.3%	0.0%	8.3%
		Count	16	5	21
		% within Years of CSR	76.2%	23.8%	100.0%
		% within CP	13.4%	38.5%	15.9%
	7-9 years	% of Total	12.1%	3.8%	15.9%
		Count	32	8	40
		% within Years of CSR	80.0%	20.0%	100.0%
	10 & above years	% within CP	26.9%	61.5%	30.3%
		% of Total	24.2%	6.1%	30.3%
		Count	60	0	60
	Total	% within Years of CSR	100.0%	0.0%	100.0%
		% within CP	50.4%	0.0%	45.5%
		% of Total	45.5%	0.0%	45.5%
Total		Count	119	13	132
		% within Years of CSR	90.2%	9.8%	100.0%
		% within CP	100.0%	100.0%	100.0%
		% of Total	90.2%	9.8%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	17.009 ^a	3	.001

Source, Field Data, 2020

4.5.2 The Relationship Between CSR and CP considering the Types of CSR

Activities

This measured the effect of corporate social responsibility on corporate performance giving considerations to the various types of CSR that the rural banks undertake.

From Table 4.5.2 below, there is a Pearson's Chi-square test shows an Asymptotic Significance of 0.000 which is below 0.005. This means that there is a direct and positive relationship between the types of CSR of rural banks and corporate performance of rural banks. Further analysis shows that, there is a positive relationship between all CSR activities and corporate performance, the crosstabulation table depicted a 100% relationship between CSR and CP. According to the table, there is also 38.7% contribution of CSR in education to the CP of rural banks, health sector contributes 22.7%, agriculture contributes 5.9%, disaster response and other community development have a contribution of 5.9% and 25.8% respectively to the entire Corporate Social Responsibility contribution to corporate performance of rural and community banks.

In summary, corporate performance can be improved when corporate social responsibility is given the needed attention in the community. This can also be achieved when the scope of CSR activities is widened to cover many communities and sectors of development given preference to the benefits or the interest of the community over the interest of the bank. Continued execution of CSR must also be maintained in order to increase the duration or the number of years that CSR will be pursued. This is also necessary because, CP increases, according to the table as CSR culture is maintained for a longer time in the RCBs and the communities.

Table 4.5.2: The Relationship Between CSR and CP considering the Types of CSR Activities

CSR * Corporate Performance Crosstabulation

			Corporate Performance		Total
			Yes	No	
CSR	Education	% within CSR	100.0%		100.0%
		% within Corporate Performance	38.7%		34.8%
		% of Total	34.8%		34.8%
	Health	% within CSR	100.0%		100.0%
		% within Corporate Performance	22.7%		20.5%
		% of Total	20.5%		20.5%
	Agric	% within CSR	46.7%	53.3%	100.0%
		% within Corporate Performance	5.9%	61.5%	11.4%
		% of Total	5.3%	6.1%	11.4%
	Disaster Response	% within CSR	100.0%		100.0%
		% within Corporate Performance	4.2%		3.8%
		% of Total	3.8%		3.8%
	Other Community Development	% within CSR	87.2%	12.8%	100.0%
		% within Corporate Performance	28.6%	38.5%	29.5%
		% of Total	25.8%	3.8%	29.5%
Total	% within CSR	90.2%	9.8%	100.0%	
	% within Corporate Performance	100.0%	100.0%	100.0%	
		% of Total	90.2%	9.8%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	40.856 ^a	4	.000

Source, Field Data, 2020

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter comprises of the summary of the findings made, conclusions drawn and recommendations given in the study. In the fourth chapter of the study analysis of data was made to achieve the research objectives. A reminder of the objectives of the study is made thus:

1. To examine the major corporate social responsibility activities carried out by rural banks.
2. To assess the relationship between customer satisfaction and CSR.
4. To assess the effect of corporate social responsibility on corporate performance of rural banks.

The study provided descriptive study into the concerned topic. The findings made are summarized as follows:

5.1 Summary of Findings

The study outlined that corporate social responsibility activities performed in the communities, especially in the villages have a positive effect on the performance of the rural banks. The study also found out that, the main CSR activities include improvement of the educational sector, promotion of agriculture, improvement in the health sector and adhering to disasters when they occur. Other activities include assisting to enhance security of the community, seeking of the welfare of the community, general financial assistance and meeting the recreational needs of members in the community. Additionally, the employment of staff members and the rendering of services to the community at considerable terms and conditions are all

considered as part of CSR activities that benefit both the community and the rural and community banks.

Also, the study revealed that all the rural banks fail to capture disaster response or natural incidences in their budget for corporate social responsibility among others.

Furthermore, the study found out that customer satisfaction is heightened when the rural and community banks keep on pursuing CSR in the communities which subsequently increases the reputation of the rural banks in the Bono East. If reputation is achieved, it will help increase the corporate performances of rural banks through competitive advantage which wins competition.

Again, the study found out that, corporate social responsibility is not well communicated or advertised in the region and the general public to create awareness and this does not help the proper execution of CSR.

Finally, it was found that corporate social responsibility is one of the drivers of corporate performance of the rural and community banks in the Bono East region of a developing country, Ghana and must be encouraged to be pursued until an unforeseen future.

5.2 Conclusions

In the realm of corporate social responsibility activities of the rural banks, the banks see corporate social responsibility as an ethical and dutiful to contribute to the development of the communities in which they reside and operate.

Again, it was also experimental that, corporate social responsibility activities in the Bono East rural banks basically focused on the general welfare and well-being of their community members such as provision of mechanized boreholes, construction of toilet facilities and provision of personal protective equipment and cash donations among others during the era of corona virus spread and killings of the Ghanaian

citizenry. This affirms the position of Jamali et al. (2006) who stated that CSR initiatives have not only enhanced development in the Western countries but have also intensely developed developing countries irrespective of the scarcity of CSR research in developing countries.

Responses also indicated that, there is 0% budget of unforeseen natural disasters. Disaster responses are offered to the communities out of nowhere in their annual budgets. This is so because some rural banks think such budgets will impede the proper achievement of financial objectives. Similarly, Belal (2001); Fulop et al. (2000); Jamali et al. (2006) posited that CSR advocacy and creation of its awareness along its macroeconomic constraints divert firms' attention from it to issues of financial and economic viability. However, Ofori et al. (2014) indicated that the carrying out of CSR activities can result in positive financial performance even though there exists positive but insignificant relationship between CSR and CP.

Again, it should be also noted that the rural banks in carrying out their corporate social responsibilities activities combined with some non-governmental (NGOs) organisations to carry out their social developments.

With reference to the means and reasons for communicating corporate social responsibility, it was clearly seen that rural banks used diverse channels to communicate its CSR activities to its stakeholders. With regards to the means by which these activities are communicated, it came up that, the means primarily depended on some factors such as, location of the activity, size of beneficiaries as well as amount invested in the activity where it was noted that some of the cost of communication should be sacrificed for the expansion of corporate social responsibility activities in the communities.

5.3 Recommendations

Corporate social responsibility needs to be given a greater attention by rural banks since they mostly reside and operate in the rural communities in Ghana. So, the development of the communities in which the rural banks operate must be given much considerations. There is a saying that, “if you throw a ball onto the wall, it definitely comes back to you”.

The study therefore recommends that rural and community banks in Ghana should improve upon their corporate social responsibility activities in their areas of operation as well as make extensions to other remote communities in the region. With this, rural banks should frequently send personnel to visit various communities especially the villages to identify their social needs and attend to them as soon as possible.

Secondly, rural and community banks should have a thought of making corporate social responsibility a permanent department of the banks where an officer will solely be assigned to that department even in the branches or agencies of the rural banks.

Furthermore, from the study, it was revealed that disaster response is not budgeted for by rural banks. The study therefore recommends that, rural and community banks ought to make it an obligation to budget more for CSR and inculcating into the CSR budget aspects of disaster response as this our world is now full of surprises because, nobody expected the sudden worldwide spread and deaths the corona virus brought into our world. If CSR is duly budgeted for, the banks will be able to meet the communities’ needs even in times of wars, famine and flood.

Another recommendation made by the study is that, in the midst of fraudulent financial activities, a substantial commitment to CSR to the communities must be made. Once rural banks are able to make meaningful contributions to the communities, their customers as well as various community members will accord

them the necessary trust. Organisations will be trusted by their current and prospective customers and this will subsequently improve upon the banks' operations. The study found out that 40% of the rural banks in the region do not have active websites. The researcher however recommends that rural banks should make it a necessity to upgrade and update their IT departments and employ computer expertise and assign him/her the mandate to make the websites readily active 24/7. The websites could be used to communicate CSR activities normally at a lower cost to the organisation as compared with the radio, television and other means.

5.4 Direction for Future Studies

This study sought to evaluate the effect CSR has on the performance of the rural banks in the Bono East region of Ghana. However, future studies can be made to find out the impact of CSR activities on credit unions in the region and nationwide. Credit unions are in their numbers in Ghana and in the Bono East also.

Specifically, future studies may look at the concept of CSR and the financial performance of credit unions in Ghana as well as extraction companies like minerals mining, quarrying, oil mining and timber companies. There is the need for future researchers to seek attention at the extraction companies since the nature of such activities deplete and waste the land and for that matter the corporate social activities of such businesses ought to be looked at in the future to assess how they are compensating the wasted land of Mother Ghana.

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APPENDIX A

KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY, KUMASI

QUESTIONNAIRE FOR RURAL BANKS STAFF

I am an MSc. Accounting and Finance student of Kwame Nkrumah University of Science and Technology, Kumasi. I am conducting a research on the topic “Corporate Social Responsibility and Corporate Performance of Rural and Community Banks in the Bono East Region of Ghana”. I would be pleased if you give your responses to this questionnaire for me. All responses will be treated confidential. Thank you.

(Please tick or write your responses in the spaces provided as appropriate.)

Section A: Respondents' Profile

1. Gender
Male []
Female []
2. Age
18 – 30 years []
31 – 40 years []
41 – 50 years []
Above 50 years []
3. Qualification
SHS []
HND []
Degree []
Others [], Specify

Section B: Working Experience and Skills

4. Position in the bank

General Manager []
Operations Manager/Accountant []
Loan Officer []
Mobile Banker []
Others,
Specify.....

5. What is the number of years you have held your position in Question 4 above?

1-5 years []
6-10 years []
11-20 years []
Above 20 years []

6. What are the bank's products and services rendered to the community?

Savings accounts []
Susu accounts []
Current accounts []
Fixed deposits []
Others [], Specify.....

7. How are loans lent to your customers from the rural bank?

Group loans []
Individual loans []
Salary loans []
Other [], Specify.....

Section C: Corporate Social Responsibility and Corporate Performance

8. Does your rural bank make contribution in the form of corporate social responsibility to the community (CSR)?

Yes[]
No []

9. If your answer in Question 8 is yes, how many years has your bank pursued CSR?

1-3 years []
4-6 years []
7-9 years []
10 years and above []

10. Select all the types of CSR activities your bank has been pursuing over the years?

Education []

Health []

Agriculture []

Disaster response []

Other Developmental Projects [], Specify.....

11. Does CSR contributions ensure the satisfaction of your customers apart from the benefits they gain directly from the bank's CSR?

Yes []

No []

12. How do you think the community members take your CSR activities?

Appreciative []

Disregard []

Ungrateful []

Do not notice []

13. Does CSR activities contribute to the financial performance of your rural bank?

Yes

No

14. If CSR can help improve the banks performance, what kind of performance measurement criteria do you agree CSR can contribute to improve?

Capital adequacy ratio (CAR) []

Earnings and profitability ratio (EPL) []

Loans to asset ratio (LAR) []

Others [], Specify.....

15. If CSR does not improve financial performance, what are the reasons that account for that?

Cost to the rural bank []

Does not bring direct returns []

Brings extra work to workers []

16. What are the challenges of your rural bank in relation to CSR activities?
- Financial difficulty []
 - Misplaced Objectives []
 - Poor communication of CSR activities []
 - Legal implications []

KNUST



APPENDIX B

KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY,

KUMASI

QUESTIONNAIRE FOR COMMUNITY MEMBERS INCLUDING CUSTOMERS

I am an MSc. Accounting and Finance student of Kwame Nkrumah University of Science and Technology, Kumasi. I am conducting a research on the topic **“Corporate Social Responsibility and Corporate Performance of Rural and Community Banks in the Bono East Region of Ghana”**. I would be pleased if you give your responses to this questionnaire for me. All responses will be treated confidential.

Thank you.

(Please tick or write your responses in the spaces provided as appropriate.)

Section A: Respondents' Profile

1. Gender

Male []

Female []

2. Age

18 – 30 years []

31 – 40 years []

41 – 50 years []

Above 50 years []

3. Educational background

Basic []

SHS []

Tertiary []

None []

4. Relationship with bank

Customer []

Non-customer []

Section B: Customers and their Bank Transactions

5. If you are a customer, what is the number of years you have operated with the bank?

Below one year []

1-5 years []

6-10 years []

11-15 years []

Above 15 years []

6. What kind of accounts do you have with your rural bank?

Savings accounts []

Susu accounts []

Current accounts []

7. What kind of loan do you normally access from the rural bank?

Group loans []

Individual loans []

Salary loans []

Other,

Specify.....

8. What range of money do you normally access from your rural bank?

GHC100.00 –1,000.00 []

GHC1,000.00 – 2,000.00 []

GHC2,000.00 – 3,000.00 []

Above GHC3,000.00 []

9. What is the mode of paying back the loan?

Part every week []

Part every month []

All amount paid yearly []

Others [] specify.....

10. Has the loan helped your business to grow or improve?
- Yes []
No []
11. Aside loan taken from the bank, does your rural bank provide any other services for the community?
- Yes []
No []

Section C: Corporate Social Responsibility and Community Members

12. If yes, what are some of the areas your rural bank provides other services for you and the community?
- Education []
Health []
Agriculture []
Disaster response []
Other developmental projects [],Specify.....
13. For how long have you benefited from the rural bank as a community member?
- One year []
Two years []
Three years []
More than three years []
14. What kind of occupation or business do you undertake?
- Farming []
Trading []
Others [], Specify
15. What type of farming activity do you involve in?
- Maize farming []
Cassava farming []
Yam farming []
Cashew farming []
Bee keeping []

16. Has the rural bank in your community assisted you in your farming in anyway?
Yes []
No []
17. As a member of this community, are you happy with the rural bank as a result of the assistance they offer to your community?

Yes []
No []
18. In your opinion, do you think that the rural bank through the contributions they make to your community can also in turn receive any kind of benefits from the community?

No []
Yes [], State how.....

Section D: Challenges Facing Your Occupation

19. What are the major challenges facing your business? Tick the appropriate responses?

Inadequate financing []
Poor managerial/supervising skills []
Lack of ready market for the business/farm produce []
Lack of helping hands in your occupation or business []
20. How would you like the rural bank help you address your challenges?
Offer you loans []
Offer your business/farming advice []
Assist you financially to improve and advertise your trade/farm []

APPENDIX C

INTERVIEW GUIDE FOR KEY BANK STAFF OF THE STUDY

1. Would you briefly describe yourself? (Your gender, age, educational background, total number of work experience, position occupied and duration in current position)
2. What is your rural bank's view about the corporate social responsibility?
3. What is the rural bank's attitude towards corporate social responsibility activities?
4. What constitutes some of the activities in the bank's corporate social responsibility?
5. What is the frequency with which corporate social responsibility activities are undertaken and communicated and through what means to stakeholders?
6. Do you normally budget for corporate social responsibility activities?
7. What are some of the reasons behind the company's intentions of communicating their corporate social responsibility activities?
8. What effect does CSR have on the performance of your rural bank?
9. What are the performance measurement criteria of your rural bank?
10. In your view as an officer of the rural bank, do corporate social activities of the bank give your customers some kind of satisfaction?
11. What are the challenges of relaying corporate social responsibilities as a rural bank?
12. Will you recommend to management in giving solutions to the identified challenges of corporate social responsibilities?

THANK YOU.